BUSINESS AND THE CHURCH

JEROME DAVIS

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Business and the church.

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A Symposium

EDITED AND WITH AN INTRODUCTION

BY

JEROME DAVIS

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To Those Employers and Labor Leaders Who Dare to Be Experimental Pioneers in Creating Industrial Brotherhood and to Those Ministers Who Are Prophetic in the Service of God, Daring to Challenge and Rebuke Existing Wrongs.

INTRODUCTION

For decades ministers have been trying to tell business men what is God's will for them. Visit the shelves of any great university library: there sit the sermons, row on row, in lonely and dusty solemnity. Nor are they all ancient sermons; among the modern variety are *One Hundred Best Sermons for Special Days and Occasions*, *Best Sermons 1924*, and the excellent collection of the sermons of the twenty-five foremost American living preachers.

Is there not a pressing need for a frank and clear message from forward-looking business men as to what is their own conception of the will of God for themselves and for the church? Some people consider business a pagan institution and feel that the man who is called to serve his fellows must of necessity enter the ministry or another of the professions. What if business is just as sacred a calling as religion?

What can the church do for business and what for labor? Perhaps we can reverse the question and ask, "What can business and what can labor do for the church?" Perhaps neither can do very much *for* the other, but both can do more than any of us dream *with* each other.

In order to have an authoritative expression of the

relationship of business and labor to the church, twenty-one individuals were selected from among the outstanding leaders in America. They were asked to give the heart of the philosophy or practice which they had worked out in the give-and-take of community life. The result is a collection of sermons and facts from business men and labor leaders which have a compelling power far beyond any mere rhetorical effort, no matter how beautiful or sincere.

The contributions are all the more valuable because they represent such a wide variety of opinion. It is quite encouraging to find also a central core of fundamental agreement running through the chapters. Apparently there is an overwhelming consensus of opinion in favor of the supremacy of the human side of business.

A crying need of our time is to get away from mere platitudinous idealism to its practical translation into the working realm of day-by-day life. Mr. Graham Wallas has strikingly illustrated the fact that the beautiful theory is often quite valueless. In his younger days, as a radical socialist, he became involved in a bitter dispute with a business man, who suddenly asked, "What is your attitude toward the trade-unions?" Not having thought much about the subject, he replied that he did not believe in them. Instantly the business man extended his hand in friendship, saying, "If you and I agree about the trade-unions we can get on together."

It makes small difference what fine-spun ideals we

profess in the abstract, provided we coöperate with the devil in the details of life. The great test of our age is whether we can be loyal to the spirit of Jesus in our daily community life. It is easy to pray about our love for God and sing hymns about "My faith looks up to Thee," but it is hard to adventure with God in the realm of the commonplace, seven days a week. Our task as Christians is to make concrete the Christ way. This means that we must translate our loyalty into our daily performance record; our actual achievement must come near to our theoretical standard.

But how can we apply our loyalties? What is the relationship of business and the church to the process? Is it not possible that the will to exploit may have such a bewitching appearance that we shall mistake it for the will to serve? What is the duty of the employer? If he *should* pay adequate wages, what *is* adequate? These and other questions are convincingly answered from different points of view in this volume.

There are those who think it impossible to get the employer and the worker together in conference. Here, at any rate, they are bound together, and he who reads may judge as to the relative merits of their respective standards and policies. Sermons may come and sermons may go, but business practice goes steadily on. How far are pagan actions in the commercial and financial world imperative? Is it not high time that we really try to Christianize business?

In the action of some of those whose contributions are given here there is a loyalty to the Jesus way which no amount of talking can ever accomplish. If science and religion have anything to teach us, it is that new situations demand new methods. All honor to the brave group of those who are making their business accord with their ideal as they see it.

It is no exaggeration to say that a large number of the following articles ought to be read by every minister in America. Hundreds of business men will find in them more stimulus for the perplexing tasks of the world than a great deal of generalized beauty regarding love, justice, and mercy.

The editor desires to express his deep appreciation to the men who have contributed to this volume. Many of them are among the busiest executives in the world, and to do this added service has meant literally taking time out of a rare and precious recreational period. It is hardly necessary to add that no contributor is responsible for any opinion expressed herein except his own. To the students of Yale Divinity School the editor is also in debt for their interest in the project. Without the incentive which came from a class on industrial relations, it would never have been compiled. Thanks are also due to Miss Caroline B. Parker of The Century Co. for her assistance in reading proof and preparing some of the biographical sketches.

Jerome Davis.

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"SOCIAL JUSTICE" AND CHRISTIAN IDEALISM

JOHN CALDER

Consulting Engineer

Mr. Calder was trained in the steel industry of Scotland and is an honor graduate of the Royal Technical College. For twenty-five years he managed well known American plants, including those of the Remington Typewriter Company and the Cadillac Motor Car Company. He acquired a national reputation in labor management and was called to be the first manager of industrial relations of Swift & Company with more than one hundred plants. There, during several years, he developed policies and made a marked success of employee representation, of the organization and education of foremen and executives, and of personnel services. He is now in practice as a consultant. He has been a welcome contributor to *The Iron Age* and is an active member of the American Society of Mechanical Engineers, the Society of Industrial Engineers, and other professional bodies. His recent book, *Capital's Duty to the Wage Earner*, covering the whole field of industrial relations, has attracted wide attention as a constructive and illuminating contribution by a forward-looking, practical man.

Mr. Calder has given generously of his time and abilities to church work. He is chairman of the Social Relations Commission of the National Council of Congregational Churches, which has just promulgated a "Statement of Social Ideals" more practical and forward-looking than any pronouncement by the churches hitherto issued. Mr. Calder devoted six months of his time solely to carrying the statement over ten thousand miles to the Christians, business men, and students of fifteen States.

BUSINESS AND THE CHURCH

"SOCIAL JUSTICE" AND CHRISTIAN IDEALISM

JOHN CALDER

Justice is the rarest of human virtues; in a long life I have met ten generous men for one just man.

WILLIAM EWART GLADSTONE.

"Social Justice" is a sententious phrase favored by orators and much used—sometimes overworked—by a few editors, authors, politicians, labor leaders, demagogues, social workers, and preachers; the rest of us are discreetly silent about it in seven languages.

Like the much abused concept "patriotism," social justice has varied all the way from a noble passion to a moral lunacy, and, like it too, it has sometimes been "the last refuge of a scoundrel." Edith Cavell's dying message to patriots shedding blood and tears, "Patriotism is not *enough*," is already bearing fruit upon her grave. It is the purpose of this essay to assert that social justice, even were it attainable,

is also not enough; to prove it, and to show " a more excellent way," "which is hid with Christ in God."

The phrase is rarely used by representatives of capital, who say, "It is not in our lives or on our ledgers; we have no acceptable definition of it; no quantitative idea about it and measuring-rod." On these points capitalism is frank and too complacent, while reforming persons are voluble and too confident—and sometimes shallow; and the rest of us care for none of these things and ask for a comforting formula and peace—where there can be no peace except that of sympathy and understanding.

Nevertheless we all have a *qualitative* concept of social justice, and we know quite well what we *mean* when we use the phrase. To many people it signifies, "a bad time had by all," and acting on their motto, "safety first," they carefully embalm it and lay it away among other ideals suffering from suspended animation. But there are honest souls—sometimes poorly equipped—and Christian consciences that will not down, who brave all the unpleasant names and contumely which society and our hundred-and-twenty-per-cent Americanism levels at the inquisitive in social affairs. In spite of deliberate prosecution, and even persecution, of opinion and inquiry to-day, and despite inefficient research and immature conclusions, we know now *why* social justice is not enough.

Our troubles about the concept of social justice, and the unwarranted hopes regarding the social

miracles it might effect, arise chiefly out of the passionate convictions about it of earnest, worthy people who indulge in bad thinking or, even when they proceed by quite logical processes, exercise their minds around insufficient or faulty premises.

There are many historical instances of such errors, some of them by people who were "the salt of the earth." Though not widely held, one of the most persistent social fallacies has been the deterministic theory known as Marx's economic interpretation of history, which consisted of a passionate, most exhaustive, and fairly true indictment of the capitalism of his day and an imposing assembly of unpleasant industrial and social facts and their consequences in the England in which he had taken refuge from the repressive German Government. To his theory of a new social order he tacked on highly theoretical views of the future of democracy and uttered dire prophecies—almost apocalyptic in their tenor—which the verdicts of history ever since *have progressively falsified.* That theory is still the theoretical underpinning of conduct among aggressive minorities in Russia and elsewhere who dwell in doubtful joy. Meanwhile, the socializing of various human endeavors and organizations has steadily progressed, but not to the catastrophic deterministic climax which Marx proclaimed was the inevitable end of the European civilizations he saw in the eighteen-seventies. Things have not been all for the worse in the worst of all possible worlds, as he predicted and even

hoped; for his Utopia predicated great gloom before its dawn.

The truth is that men gain nothing whatever by pretending that life is simpler than it really is, and Marx's great generalization did not cover all the facts and did not solve all the difficulties caused by these facts. Life is not *either* black or white. It is varying shades of gray, and there is no use in selecting dreadful examples to represent the whole, as Marx did. Society cannot be redeemed, as he thought, by a formula, and though socialism as an ideal will always threaten illiberal, reactionary capitalism and worry the slackers and lazy-minded who are at ease without desert,—lest a worse thing befall them,—society is not static, but dynamic, becoming, not being, and changing with the years, their advancing knowledge and experience, and reflection on these. How is it that so many people get off the track about social justice? It is chiefly through assuming as self-evident truths two propositions that are in fact highly questionable. First of all, men err by assuming that *an absolutely just distribution of wealth is possible* and that such an objective should be and is a completely satisfactory end of social endeavor. To such people *any* society or social order stands condemned if the distribution of its wealth or illth is not "*absolutely just.*"

In the second place such people make another false assumption; viz., that justice is *all* that can be or should be expected of social institutions. These two

errors can be found in many countries and in many different guises to-day, motivating and activating all sorts and conditions of plans—wise and otherwise—for changing the social order, and they reveal serious misunderstandings of the deeper meanings of the principle of justice. They are a direct result of the tendency to deem just only those arrangements or consequences *which appeal to the sentiment of the individual.* "Justice" to him becomes synonymous with "right," a right of course which *he* intuitively perceives and hence finds agreeable to his moral sentiment. Under the glow of emotion, and precisely because he identifies "justice" with what he *feels* to be "*right*," the sentimentalist comes to regard "abstract justice" as the chief good and, with reference to social arrangements, all that man could desire.

We know well that in the material world distributive justice can never be absolutely *certain.* All appraisals are subject to error. The valuation of our social services, labor, and products is so uncertain and liable to rapid change that the *exact* contribution of the individual to the joint product is usually unknown and unknowable, and without *certainty* we cannot effect the justice predicated by purely sentimental verdicts. On the other hand, action in the moral as distinguished from the economic realm is more closely related to the eternal verities, and justice *is* realizable in the *moral* life. The almost mathematical justice of a Greek tragedy wins our assent;

the poetic justice of the Bible, Shakspere, and other literary immortals moves our hearts and minds to approbation; but no such clear and determinable issue is presented in the industrial and business world, in which we coöperate in what we call getting a living, and around which gather all our economic conflicts over lack of "scarcity values." What are we going to do about this situation? Well, we can *accept* it; or we can *denounce* it and wholly repudiate it and seek to divorce ourselves from responsibility; or we can apply ourselves to *improve* it. I am of the fellowship of the *improvers,* and I am prepared to give reasons for the faith that is in me. But first of all I wish to make two affirmations. Without pessimism and without despair, first I assert that no conceivable form of society will ever achieve any large measure of idealistic justice in the distribution of wealth on this planet, and secondly, if it could, it would not of itself make life more worth living, as some confidently believe.

A man's reach should exceed his grasp or what's a heaven for?

How near then can we get to the ideal in the material sphere, while hugging perfectibility to our hearts as a hope in the moral one? What is the measure of the height and breadth and depth of the possibilities where "we live and move and have our being," our fears and hopes, our likes and hates? What, in a word, is the just significance to society in

all of his potentialities of just *one man* out of the billion and a half in the world to-day? What is he actually worth to the rest of us in goods and services —in doing, thinking, and being—in the broadest sense? I think it may be set forth briefly in the following six propositions which progressively advance the standard of achievement:

(1) The *value* of a *man*—the totality of all his qualities—in action—is *equal to* his production minus his consumption.

(2) When his production *is less than* his consumption, he has no "value"; he is, in varying degrees, *just a social parasite.*

(3) When his production *equals* his consumption, he *merely justifies his existence.*

(4) When his production *exceeds* his consumption, he is an *economic success.*

(5) When his economic success is *devoted* to things which strengthen and uplift himself and his community, he is *a social success.*

(6) When each man's *acquisition* is *equal to his production,* justice has been attained. This attainment is at once the task of a society or a state and the test of its quality.

But the constant tendency of man is to make justice depend upon sentiment rather than upon his deserts as just outlined. That which is intuitively agreeable, morally pleasing, and obviously liberal is a snare from time to time alike to the public, capital, and labor and is labeled aright by one or another—some-

times by all of them—with no attempt at the more difficult task of due measurement of the merits of the individuals or groups involved. Collectivism, for instance, often runs riot in unfairness, in cheap approximations, or in careless generosities, whose function is chiefly to please. To please whom? Sometimes a dominant, unscrupulous minority, liberal or conservative, in business, labor, politics, and even the church; at other times it may be a complacent majority; and often a public uninformed or ill-informed and unthinking. It is the easiest way out of controversy. But injustices about labor, capital, or the public, whether to minorities or majorities, cannot be offset. They do not *cancel out.*

We *must* have the will to "prove all things," if we would "hold fast that which is good." And this involves a virile, active mind and a genuine love for the *truth* about things, a quality not too common. Practical morality, not heady sentimentality, the greed of tyranny, or the pride of benevolent autocracy, is the sure compass of the economic and every other social adventure. The unanimity of a "committee of the whole," of captain, crew, and passengers, about the social course to be set is no guarantee in itself that we shall sail in the right direction. Only through showing a decent respect for the accumulated experience of the race can we achieve an acceptable measure of social justice; generous intentions are not enough.

Many religious people have no forward social

look. They are worried when religion touches men where they live. Such people are conservative in their attitude toward all existing institutions, accept them as they are, ask no questions, have no doubts, and yield them loyal and unquestioning obedience. The victory of their political, industrial, or social party or their church is the form in which their own personality finds most complete and satisfactory expression. They neither make issues nor raise them; they simply vote with their crowd and look upon all who differ as outsiders. Truth and justice are unmeaning terms to these lazy, docile people—often of excellent personal character; but what a life! Our congregations are well stocked with them, and they covet like-minded spiritual guides, whose reception of our social ideals has been warm, if not cordial. Other religious persons, some of whom have a keen sense of truth and beauty, revolt at the mean compromises which organized society indulges in and invites from them. These are lonely souls who find their inner freedom impaired. They refuse to pay the price of conformity for peace, and they rebel and withdraw, sometimes into an unsocial mysticism, and sometimes in their self-centered individualism they make *God* and the *Soul all* that their religion is concerned with for practical purposes; they are virtually out of the world. But there are those who "follow the Gleam" wherever it leads them, by whom religious truth both new and old is welcomed and its implications made practicable.

They have learned from Jesus that God is love and that loving is the only practicable way of living. They sympathize with those who love to have the same allegiance and obedience, they agree with those who are disgruntled with existing society, but they part company here with both; for "This Freedom" which they claim for themselves they are quite willing to grant to all others; and they let knowledge grow from more to more. With Voltaire they can say to the rebel, "I disapprove of all you say; but I will fight to the death for your *right* to say it." They do not think they possess the whole truth or that they can ever attain it by themselves.

Candid critics of current civilization, they are not despondent about its longer future. They believe that they can shorten the time, and they ask nothing better than to join in the effort to improve conditions. It is they and kindred spirits who make social justice *impossible* in the material realm, for while they will freely yield, they will not insist upon *receiving* all of their rights, every time, about everything. And it is likewise with "the husbandman that laboreth"; he too, when he likes his taskmaster or employer, is not insistent upon the joy or tittle of his *legal* right. Absolute and even approximate justice is often defeated by the "love that makes the world go round," and Jesus is its exemplar, its origin, and its climax.

No others are touched to such fine issues as are the devoted followers of the Nazarene, and they and all

men to-day who feel and think and act truly in our workaday world must *make men while they make things* and frame policies and direct or influence human beings. We must reflect upon the "greater things" which Jesus said we would do, for "the wise man can understand the foolish because he has been foolish; but the foolish cannot understand the wise, because he has never been wise." We are reminded of an old Greek tale that relates how a strange monster having the body of a lion, the wings of a great bird, and the head of a woman sat beside the road that ran to the city of Thebes and presented a riddle to every one who passed that way. This riddle-woman-animal was called the Sphinx, the squeezer, the tightener, for she enwrapped and devoured every one who could not answer her riddle, but was herself doomed to perish the moment the *true* answer was given. We know from legend the reign of the Sphinx terror in Thebes and the long list of the dead. We do not wonder that the throne itself was offered to any one who would destroy the Sphinx by a true guess of her riddle; at long last, a man, Œdipus, guessed it and became king to a grateful people. Here is the riddle: "What creature is it that goes on four feet in the morning, on two at noon, and on three in the evening?" In answer Œdipus cried out: "Man! Man! Man! For in the morning he creeps on all fours; in the noontide of life he walks upright on two strong feet; in the evening he limps along with a staff."

On the roadways of their experience all nations have found their Sphinxes seated, propounding riddles—about social justice chiefly—and causing consternation and destruction to the ignorant. Take the United States alone, at three great epochs. In 1776 their Sphinx on the road of destiny asked, "How can you free yourself from a foreign yoke?" And a Washington answered, "Man! Man! Man!" and became our guide to liberty. In the early sixties of the nineteenth century our Sphinx asked, "Can this nation exist half slave and half free?" And a Lincoln cried out, "Man! Man! Man!" and led us, though divided among ourselves, to victory.

In 1917 our Sphinx was sitting at the wayside again asking, "Can we sit at home in safety and see freedom strangled abroad?" And again the answer came, "Man! Man! Man!" this time from a hundred million throats, and the taunting Sphinx perished. But in 1926 another Sphinx propounds a new and harder riddle, a riddle that *we* must answer truly if free government here and all over the world is to survive, namely, "How are the masses of men and women to be taught to labor with their hands and brains willingly and efficiently so as to secure out of the products of their toil and thought what they feel to be, and what will be in fact, a fair return?"

Until we can answer this latest Sphinx at our own doors we shall have no peace, and if we fail

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to answer it, we shall have a revolution. It is not a question that America faces alone; others are in much more serious case. Britain faces it frankly and bravely; France faces it most unwillingly and delays; Italy and Spain tremble before it, ask to be excused, and enjoy the mean security of temporary dictators who cannot answer the Sphinx; and Russia *gave the wrong answer*—a mixture of fallacy, falsehood, fanaticism, and fear of true democracy, mingled, alas! with intriguing and worthy social aspirations—and was torn to pieces, for the Sphinx is merciless to untruth. Must we despair like her? Be foolish to be wise at great price? Commit evil that good may come? Is there a deliverer? Yes. Is there balm in Gilead? Yes! Is there a physician there? Yes! I believe the answer to the Sphinx is still the same: "Man! Man! Man!" that the remedy consists in believing in, proclaiming, and upholding the dignity, the honesty, and, in these days particularly, the intelligence of man; so that he may use his self-determination and self-expression with all the knowledge acquirable; with things old and precious and things new and revealing. The riddle, after all, is the problem of approximating social justice, and how rich and meaningless it has become since Plato entreated men to think to some purpose about their social action; since Isaiah and Amos and Micah flamed out on social injustice; since Jesus rebuked man's inhumanity to man, which makes

countless thousands mourn, and revealed the secret of "the earthly paradise"—His "kingdom come—on earth." "The quality of mercy is not strained"; neither is the quality of justice. And earthly love is likest God's "when mercy seasons justice." The Christian thinker, ranging freely among the plain evils of our time, echoes Voltaire's defense of freedom of speech already cited: "I disapprove of all you say; but I will fight to the death for your *right* to say it." The Christian liver denounces all prosecution and persecution of opinion. He demands social justice for his fellow-man, but *refuses* it for himself, as his Master did. Christian idealism is greater than even justice; for pure religion and undefiled before God and the Father in the twentieth century is producing true democrats—givers not getters; and true democracy—responsibility widely shared, not equally shared, but each according to his ability, and the ablest of character, benevolence, and endowment taxed to the utmost of his powers *to serve us all.* Make no mistake about it! We are on the eve of a great revival of and by and for laymen; you can hear it "on the air" any day. Young men and maidens, old men and matrons are realizing increasingly that ultimately we *are* what we love and care for, and that no limit has been set to what we may become without ceasing to be ourselves; and "flaming youth" wants to be a *glorious* self.

Let two poets give us their doubtful joy and infinite hope about justice:

Thou madest man: he knows not why!
He feels he was not made to die;
And Thou hast made him: Thou art just.

Grow old along with me; the best is yet to be
The last of life, for which the first was planned.
Our times are in his hand who saith, "A whole I planned";
Youth shows but half; trust God: see all: nor be afraid!

THE NEED OF SOCIAL BLUE-PRINTS

HENRY FORD

A Practical Mystic

Mr. Ford, with only a common-school education and the knowledge of a machinist's trade, has by his vision, coupled with a marvelous ability to simplify, organize, and standardize industry, done more to revolutionize the condition of the worker than any other man of our time.

Justice and not charity is the basis of his relationship with his employees. He pays sufficient wages to make them independent. He was the first man in this country to demonstrate that good wages bring profit.

He has developed a "vertical trust" extending from the raw ore in the depths of the earth, over a railroad transportation system, and ending in millions of throbbing automobiles; yet all this great network of industry is a single efficient mechanism.

There is not a passable road in the world that is not traversed by Mr. Ford's cars; his ships are on the seas, his planes in the air. He has turned the sylvan city of Detroit into a hive of industry and has made it an ocean shipping port, for he is sending boats to Rio and the Argentine.

The University of Michigan has just conferred on Mr. Ford the degree of doctor of engineering, the first, by the way, that he would accept. This honor was given in recognition of his material contribution to social welfare and his constructive imagination in the field of industry. The citation described Mr. Ford as a man "whose genius brought into being an industry that changed the world. Endowed with vision to create, courage to persevere, wisdom to plan and execute, capacity to achieve, he has interpreted business in far-reaching terms of organization and coördination."

THE NEED OF SOCIAL BLUE-PRINTS

HENRY FORD

Most of the things which people say they see, are actually seen. There is no imagination about it. The pessimist who sees things going to pieces is not deluded; he is correctly reporting what he actually sees. The optimist who sees things soaring up to the height of perfection is an equally good reporter; he is not fooling us or himself; he sees what he says he sees.

But the trouble is, too many people are doing all their seeing within too narrow limits, and while their reports of what they see are true, they are not comprehensive. There is nothing more likely to be misleading than a field of vision so narrow as to leave out part of the points. It is like seeing the elephant in so limited a way as to report only his tail or tusks. The animal appears quite differently in a comprehensive view.

Now all this has an important application to the state of mind in which many people find themselves to-day. There are perhaps more minds focused on economic problems than ever before, more people thinking, or perhaps it is more truthful to say they

are wondering, about the conditions which have befallen human affairs.

It is probably true that though we are all looking and wondering, we do not see very much as yet; but it is still a mighty fact that the minds of the people are focused on their affairs. Formerly we left it all to the government or destiny; but now the governments have failed us, and destiny is not a thing to take without coöperation. And there is a millionfold more chance of seeing when we are looking than when we are not. That is the attitude of people to-day; they are looking, and presently they will see.

Some people see certain things going to pieces. They see correctly. Certain established customs, methods, processes, institutions, traditions, which we have been accustomed to lean upon, are undoubtedly going to pieces, and they are going to pieces irrecoverably too.

It is that last element, the irrecoverability, that strikes fear to many people. They thought that "normalcy" meant the recovery of the old things, the reëstablishment of the old way, the restoration of the old habitual leaning-posts. Most people thought of "normalcy" in that way, as yesterday come back. But yesterday is not coming back.

The old world is dead, dead, dead. It is beyond recovery. God himself will not restore it, and Satan can not.

That is the a-b-c of the new alphabet; namely,

the old world is dead. Not dying, but dead. The things you see going to pieces are its funeral, its decay.

If people would only learn this a-b-c, it would save them from a great deal of confusion. But the point is this: those who say that everything they see is going to pieces, are telling the truth, *because their eyes are focused on the things which belonged to the old era.* The old era is dead and is being buried bit by bit. Every day another fragment of it falls into dust.

Now if that is *all* that you see,—and it will be all that you see if it is all that you look for,—no wonder you have the feeling that *everything* is going to pieces.

But if you turn around and see what is coming swiftly up behind your back, as you gaze apprehensively into the past, you will get the other half of the field of vision; you will see the things that are to be.

Perhaps you have seen the oak take color in company with other trees in the autumn. Then came the rains, and the other trees let go their leaves; not so the oak; only a few did he let fall. Then came the winds, and the branches of the other trees were left ragged; but the oak held most of his leafage. Then came the frost, and all the trees were stripped clean and bare of leaves; but the oak leaves shriveled a bit and took on the tone of old cordovan leather, but for the most part clung to the parent

boughs. They are a cheering sight in winter, those shriveled leaves that defied the frosts of autumn; they are a cheering sight as they defy the winter's snow and blast. Then winter begins to wane, and spring is a promise in the air, and green things begin to appear; but still the oak holds tenaciously to last year's foliage. A little later and the leaves begin to fall—in spring. If you had not looked around upon the earth to see what else was happening there, if you did not know what compensating work was being done, you might well think that at last every leaf in the world was about to go.

But this is the fact: the leaves that stayed longest, that we had learned to associate with stability, those are the leaves that fall before the new leaves appear.

In the social order, is it not our seemingly most strongly established things that are beginning to flutter down? Are not the most solidly essential services the ones that are now most under doom? Certainly, as any one who focuses his vision only on the passing things will tell you. It is the collapse of the most dominant methods and institutions that alarms most people. Well, it need not alarm any one. When the leaves of the strongest tree fall, spring is here. If you will widen your field of vision, you will soon see other things springing up to take the place of that which is passing.

So you have a choice. You can sit and look at the fading out of all that made the old normalcy, and you can wail about calamity to come; or you

can stand up and watch the new era come in, looking for your place in its ranks. If you do the latter, you will see an entirely different state of facts. It will not be imagination, or mental suggestion, or the foolish mysticism of pretending things are all right whether they are or not; it will be fact—the thing is true, the new era *is* here.

A business man in a small town said it all very well the other day. Said he: "I just try to accustom myself to the thought that I have waked up in a new world. I don't know just what kind of world it is going to be, but I know it is my duty to keep on the watch to find out so that I may be ready for it. I know there is going to be a new way of salesmanship, and I am trying to find out what it is. I know I shall have to keep wider awake, and I am trying to find out on what lines. I am in a new world and I have got to learn about it all over again. The only things that have carried across from the old world into the new are Service and Honesty—but you can drop the 'Honesty' and save time, for when you say 'Service' you say it all."

That is the attitude! That man was awake to the fact that the new era is here; he wanted to be alert in all his senses when it tried to teach him something. He says he hasn't learned much yet, but he has learned the basic thing, without which he could not learn anything at all: he has learned that the world is new. If that plain fact could be dinned into people's heads and hearts, so that even

without understanding it completely it could become the time-beat of their thinking, a great deal would have been accomplished.

Certainly many things are going to pieces. They ought to! And if you look at them long enough you may get the impression that everything is going to pieces. You should turn around and look the other way and see the New Era marching up the side of the hill. Then you will see that although the ruin of all our own stupid, inefficient, unjust, and unproductive methods is unavoidable and good, the real cause of their disappearance is the New Era which is pushing them out. While you are looking, be sure and see it all.

Almost any one you may chance to meet will tell you that "something ought to be done" and will assure you that it must be done very soon. But you will travel a long way before you will meet any one with a plan that has a single point of practicability.

Many plans, so called, are not plans at all; they are pleasant pictures of conditions as they may be after all the planning, all the preparatory work, and all the constructive labors are done. A plan is not an oil-painting of a complete object; a plan indicates the "how" and the "where" and the "what" of every joist, joint, and pillar. You cannot build a house from a charming photograph; you will need a blue-print.

Every thoughtful man has an idea of what ought to be; but what the world is waiting for is a social and economic blue-print.

There is something deadly exact about a blue-print. It is not a speech; it is not a propaganda; it is not a burst of enthusiasm; it is a simple thing of lines and signs which tells you what to do and just where to do it. It speaks of only one quality—orderly work. Now this is why good intentions are of so little value to the practical solution of the problems that confront us. Good intentions, of course, are very good—as intentions. And doubtless good intentions must exist in every good plan. But every one has had enough experience with well-meaning people to know that good intentions are often sterile.

It is very surprising to learn how much of the distrust of people in plans for the advancement of justice in human relations is due to the failure of so many ill-planned and badly managed good intentions. Human history is full of the wreckage of high and noble intentions for social good and human betterment, which failed simply because they had the visionary quality without the creative quality.

And one result of this is the almost universal assumption that whatever is good, generous, just, and warmly human is prevented by those very qualities from being practical. There is an unspoken belief that if a plan is to be practical, it must disregard hu-

manity to a greater or less extent. Consideration of others and success for one's self are believed to be incompatible.

Another result is the assumption that "creative work" can only be undertaken in the realm of vision. We speak of "creative artists" in music, painting, and the other arts. We thus limit the creative functions to productions that may be hung on gallery walls or played in concert halls or otherwise displayed where idle and fastidious people gather to admire each other's show of "culture."

But if a man wants a field for real vital creative work, let him come where he is dealing with higher laws than those of sound or line or color; let him come where he may deal with the very laws of personality and society. Creative work! We want artists in industrial relationships. We want masters in industrial method, from the standpoints of both the producer and the product. We want those who can mold the political, social, industrial, and moral mass into a sound and shapely whole.

We have limited the creative faculty too much and have used it for too trivial ends. We want men who can create the working design for all that is right and good and desirable in our life together here.

Now it is pretty clear that the creative plan, when it comes, will propose surprisingly little that is new; it will consist largely in a readjustment of the old things.

We shall not outgrow the need to work. Some people are talking as if the "good time coming" is going to eliminate labor altogether. Some people appear to think that the only thing that is wrong with our present system is that people have to work for their living.

Well, we may be sure on one point: work is not what ails the world. The world would be infinitely worse off than it is, both physically and morally, if it were not for work. One of the danger spots of the present time is that so many men are trying to evade work as if it were a disease. There is a class of men who regard the white collar as a sign of emancipation from work. An idea like that, if true, would soon bring the white collar into disgrace.

There are too many men dickering in real estate and not enough men digging in it.

There are too many agitators, who do not work at all, telling these groups who cannot think for themselves that they are to be commiserated because they have to work.

Think of it! here in America, the one country in the world where it has always been held honorable that a man should work with his hands—in *this* country honest work is sought to be made the badge of servility!

Say what you will, the man who works with his hands has the best of it, other things being equal. And what we all want in this country is that the

working-man shall have the best of it all around. This cannot be done by abolishing work, for work cannot be abolished; but it can be done by abolishing those limitations and false practices which have kept from the worker the reward which ought to be his.

Profit-sharing, additional annual bonuses, stock-sharing, and dividends, a close and sympathetic interchange of counsel between the production and management parts of the business,—or, to state it another way, between the strictly business and strictly human aspects,—these constitute a promising beginning. The human part must serve the business part, else there would be no great center of useful work which would provide the living of all employed there; yet the business part must also serve the human part, else the service which the business can render to human well-being would be cut in half.

The principle which must become clear to the mind of this and the coming generation is that good intentions, plus well thought out working designs, can be put into practice and can be made to succeed.

There is nothing inherently impossible in plans to increase the well-being of the working-man.

If there has seemed to be, it is only because the world has heretofore thrown all of its thought and energy into selfish schemes for personal profits.

If the world will give as much attention and interest and energy to the making of plans that will profit the other fellow, such plans can be established

on just as practical a basis as the others were—with this additional advantage: the latter kind of plan will last longer than the other kind, and will be far more profitable both in human and financial values.

What this generation needs is a deep faith, a profound conviction in the practicability of righteousness, justice, and humanity in industry.

If we cannot have these qualities, then we were better off without industry. Indeed, if we cannot get those qualities, the days of industry are numbered. But we can get them. We are getting them.

There will come men whose highest joy will be to diffuse benefits instead of accumulating heaps of personal profits which they will never use. There will come a race of men to whom money will mean only the opportunity to develop still bigger benefits for the men and their families who carry the world on their shoulders.

If selfishness can only be curbed, if the long-range values can only be shown in their desirable lights, if men who are in authority could only see the wisdom of exchanging the low gratifications of mere gain for the finer gratifications of human service, why, then there would be no end to what might be done.

The good only is *practicable*. Anything less than that is not only impracticable in any sense whatsoever, but it is vanishing too.

DO PRAYING FATHERS HAVE PREY-
ING SONS? NO!

ROGER W. BABSON

President, The Babson Statistical Community

When Roger Babson was a youngster his juvenile enthusiasm was always kindled by a contest of any sort—particularly if he were directly involved in it. "I always enjoyed a good scrap," he admits.

In this statement is contained the secret of much of Mr. Babson's success in life, because it has been this willingness to meet and overcome handicaps which would have daunted a less determined man that has been one of his outstanding characteristics.

Mr. Babson's early studies convinced him that Isaac Newton's famous law of equal reaction in the world of physics applied with equal force in the field of economics. It was upon this theory of action and reaction that he erected the huge economic structure—the largest statistical organization in the world—which to-day holds a position of preëminence in business circles.

With this service to the business interests of the country securely established, Mr. Babson determined to make a permanent contribution to the public service by making it possible for business executives to be trained for the profession of business in a strictly scientific manner. To this end he established seven years ago the Babson Institute, a scientific school of business. For the past three years the Institute has been located on its new campus of 175 acres with buildings already erected which represent a cost of more than a million dollars. An endowment is rapidly accumulating which will enable special research and clinic work in economics to be done later.

Behind all this lies the vision of Roger W. Babson. He is a man with a far look ahead. And there is much yet to be done. He is working toward the day when the Statistical Community at Babson Park, Massachusetts, will serve the business and economic world as the International Institute of Agriculture at Rome serves the agricultural world. His plans envision a world clinic on business and economic problems constantly at work trying to serve mankind.

DO PRAYING FATHERS HAVE PREYING SONS? NO!

Roger W. Babson

Do *praying* fathers have *preying* sons? Yes, if you believe in proverbs. Most emphatically no, if you prefer statistics. Like ninety per cent of the proverbial wisdom, the folk-lore jibe at ministers' sons and deacons' daughters breaks down completely under the penetrating rays of recorded facts. As an introduction to these facts let me explain that when speaking of the offspring of the church I am thinking not merely of clergymen. There are praying fathers among farmers, carpenters, bankers, merchants, manufacturers, and other laymen, whose lives are deeply influenced by prayer and religion. The minister's family gives us a convenient case for discussion because here we have the spiritual element most fully expressed. One, however, should never forget that real religion will pulse as strongly throughout the pastorate of the church as in the parsonage itself.

Let the facts array themselves for appraisal. We approach the subject in two steps: first, eminence in general; and second, eminence in business. De Candolle, the scientist, was among the early explorers

in this field. More than twenty-five years ago he examined the lists of eminent men and scrutinized their parentage. He discovered a marked predominance of ministers' sons in the world's Hall of Fame, and an overwhelming percentage as representing those brought up in the church. In commenting upon this tendency, a religious journal recently published the following significant summary:

For more than 200 years clergymen's sons have outnumbered all others in their contributions to science. Among those were Agassiz, Encke, Euler, Linnæus, and Olbers. To this more recently has been added the name of Dr. Robert Andrews Millikan. Among philosophers and historians who were ministers' sons were Hallam, Hobbes, Emerson, Sismondi, and a long list equally well known.

Ministers' sons who became ministers include Jonathan Edwards, Archbishop Whately, Robert Hall, Lightfoot, the Wesleys, Lowth, Stillingfleet, the Beechers, and the Spurgeons. Poets whose fathers were ministers include Young, Cowper, Thomson, Coleridge, Montgomery, Heber, Tennyson, Lowell, while in the field of literature are also Swift, Lockhart, Macaulay, Sterne, Hazlitt, Thackeray, Bancroft, Emerson, Holmes, Kingsley, Matthew Arnold, and Stephen Crane.

There may be included as an architect, Sir Christopher Wren; as an artist, Sir Joshua Reynolds, and among heroic characters, Lord Nelson. Nor are the daughters of clergymen overlooked in this list, which contains the names of Mrs. Trollope, Mrs. Barbauld, Jane Taylor, the Brontës, and Harriet Beecher Stowe.

Again we have a demonstration of the general eminence of ministers' sons in the following survey, credited to Bishop Edwin H. Hughes of the Methodist Episcopal Church:

There have been three preachers' boys in the White House.

Nine of the signers of the Declaration of Independence were sons of ministers.

Five Supreme Court judges and many governors, in addition to a great list of lesser political officials, were products of manses.

Daughters of preachers have been mistresses of the White House during seven presidential terms.

The Democratic party never elected a Presidential candidate who was not the son of a minister.

The Wright brothers, pioneers of aviation, were manse products, and the first transatlantic flight was made by the son of a preacher.

The inventor of the telegraph, Samuel Morse, was a pastor's son.

In the Hall of Fame are listed names of twelve preachers' sons.

Yet these are merely high spots regarding ministers of the church. When one examines the influence of the church itself, the evidence is most conclusive. Probably 85 per cent of the world's leading scientists and statesmen will credit their success to the Christian training of the home and the church.

A professor at Indiana University, Stephen S.

Visher, prefaces a volume of "Who's Who" with an analysis of the twenty-five thousand notable Americans listed therein. One of the purposes of this analysis was to find out the proportion of eminent people whose fathers were clergymen. The fathers were classified into groups, such as physicians, clergymen, attorneys, laborers, and farmers. The data indicated that preachers, in proportion to their numbers, fathered more than two thousand times as many prominent people as did the least favored group, namely, the laborers. As fathers of famed offspring, the preachers surpassed the farmers thirty-fold, surpassed the business men fivefold, and surpassed any other group twofold. In other words, so far as the conditions of this particular test are conclusive, the preacher shows a clear superiority as the progenitor of the famous.

When Professor Visher's analysis came to my attention, my first question was this: This criterion is fame—and fame largely in the arts, letters, sciences, or politics. If the measurement were changed to financial or industrial achievement, would the results be essentially different? Do the notable men in the realm of business likewise trace their origin to fathers and mothers of unmistakable piety? Is the early influence of prayer and religion a power in all kinds of success?

That is the question with which this chapter is primarily concerned.

In this connection we have a singular research

made by that master lecturer, the late Russell H. Conwell. He investigated the parentage of about four thousand American millionaires. I cannot say that all these parents of the wealthy were clergymen; but according to Conwell's findings, all but a handful of these thousands of millionaires began life as poor boys with the church as their training center. The pardonable surmise is that many of them were preachers' boys. A correlative research of the records of rich men's sons showed that scarcely one in twenty died in affluence. The poor boy with the stimulus of his early church training rises to riches, while the rich boy, feeling sufficient unto himself, sinks to poverty; this is the summary of the evidence.

Why should this be so? What is the magic of humble Christian circumstances in early life, and what is the ill omen of the silver spoon? My observation has been that children born and brought up in the households of ministers, and other earnest Christian parents in similar situation, learn certain fundamental lessons of life. They develop a desire to produce because they are not surrounded with the countless ministrations of wealth. The ministers' sons make their own playthings, and the deacons' daughters make their own clothes. The whole environment is one of service. If Professor James was right in saying that the character sets like plaster, the characteristics of integrity, industry, thrift, and service thus acquired in youth are almost a guar-

antee of achievement in maturity. Though I have no statistics to offer on this, I can say that I have yet to meet a financial or industrial leader of the first rank who is not conspicuous along these lines. These qualities are so dominant in such men that even in trifles they are often amusingly apparent. The millionaire himself is rarely the one who instinctively loves to be waited on; he himself usually detests it at heart; it is his family who revel in luxury.

Reliance, however, as early learned by the children of clergymen and other disciples of plain living and high thinking, is more than reliance on self. The vicissitudes that attend a family of limited means inevitably foster a wholesome sense of life's problems and uncertainties. The lesson that "life is not a bed of roses, but a battle-field" inspires a lasting desire for divine help and guidance among these perplexities and severities. Children of this environment therefore learn to depend upon themselves rather than upon others; but above self-dependence they learn even more firmly a dependence upon superior power and wisdom.

It is just the opposite with the boys and girls who are insulated by their parents' riches from any full contact with the struggles of earning a living. Hence we have the peculiar paradox that the offspring of the most worldly have the least knowledge of the real world. Instead of self-reliance they learn self-complacency and self-sufficiency, and this false edu-

cation tends to blind them permanently to man's need of God. Into the fight to achieve, a man or woman can carry no handicap more deadly than self-satisfaction and a disregard of God. No other qualification for success can offset a lack of this prime essential; neither ethical integrity, nor indefatigable industry, nor sagacity, nor anything else—nothing can take its place.

I wonder whether it is necessary to remark that in many instances the children of clergymen and others are brought up unwisely and turn out badly. In many instances, the children of the wealthy are brought up unwisely and turn out badly. In many instances, the children of the wealthy are brought up wisely and turn out well. Such cases by their comparative rarity excite remark and gain a false prominence in the public imagination. Statistics, however, cannot be concerned with these unusual items except to the meager extent that they may affect the average. These statistics show that the ideal condition for bringing up children is a Christian home in humble circumstances. Poverty alone is not sufficient. Culture of itself is of little avail; but the two combined in a Christian home make the ideal conditions.

From the facts which I have already presented and attempted to interpret, there seemed to be little doubt that the early church influence of prayer and sane religion is a priceless heritage and almost indispensable if the possessor is seeking success in

business. Therefore, not to discover a new idea, but rather to corroborate a truth already firmly established, I wrote to many of the country's great business leaders. Supplementing this correspondence with numerous personal interviews, I must have gathered information from a large group of men, each of whom is a recognized power in his industry or locality. The group comprises a condensed, but representative "Who's Who in American Industry and Finance." The questions which I put to these men obtained information about their parents, whether their parents relied on prayer and were essentially religious. Care was taken to make the inquiry in such a manner that the man felt no compulsion to answer in the affirmative from purely filial motives. I believe that the response was entirely spontaneous and trustworthy.

The data thus compiled is remarkable in its unanimity. Many of these men very kindly gave me signed statements setting forth the facts explicitly. They seemed to welcome an opportunity to put themselves on record. Others spoke to me personally with an earnestness that left no doubt of the depth of their feeling. A very few did not care to participate in the inquiry, but even here I believe we may usually infer reserve and reticence rather than any real negative. In all, there is at hand indisputable evidence that men of major importance in the business world owe their origin to praying fathers and mothers.

Moreover, I ventured to extend the inquiry to the man's own life. I find that men of this type do not leave all the praying to their parents. They themselves, almost without exception, avow faith in Deity and continue the habit of prayer which they learned in youth. I wish that the results of this inquiry could be embodied in a phrase sufficiently simple and impressive to become a part of the accumulated wisdom of the world.

Here are the questions which I addressed to these leaders in business and finance:

(1) Did you have a praying father, a praying mother, or both?
(2) Do you believe there is some Power higher than the human power?
(3) Do you feel that we are responsible to this Higher Power?
(4) Do you feel we need help from it?
(5) Do you ever pray?
(6) Has this feeling of responsibility influenced your life?

Among those whom I have interrogated on the above points, there have been included chairmen of the boards of directors, presidents, and others of chief authority in the following lines:

Food industries
Commercial banks
General finance
Investment bankers
Public utilities

Iron and steel industries
Mining industry
Trust companies
Steamship lines
Railroads
Newspapers
Lumber industries
Telegraph companies
Chemical industries
Hotels
Department stores
Printing industries
Copper industries
Oil industries
Mail-order industries
Farm-implement industries
Dry goods
Automotive industries
Telephone companies
Electrical industries

I endeavored to address only leaders in their respective lines and to divide the group into the twenty-five above mentioned industries.

About the facts, there can be no question. It is demonstrable that the early influences of the church and praying parents are forerunners of the son's career in business, and that the son's own prayer and religion are at the root of his success. That much is known. When we seek the reason and explanation of this truth, there is opportunity for much debate. To simplify the discussion let us fix our

attention upon the minister's household, taking this as representative of innumerable other godly families.

The sons and daughters of ministers or of other praying parents have the industry, thrift, practicability, and balance of the mother. Combined with these qualities they have the vision, faith, and spiritual fire of the father. This combination, cemented with integrity, is the foundation of the successful business career. What are the characteristics of the big man in business? They include integrity, industry, initiative, inspiration—precisely those qualities which he would get in a typical old-time New England minister's family or in the home of a sane and serious church worker. I repeat that a humble home tempered with culture and inspired with religion makes the strongest men and women.

Jerome Davis asks why it is that, with such training, ministers' sons sometimes seem themselves to lose interest in the church and to lack the social vision and the social sense of responsibility. The answer to this question is seen best in the parable of the sower. The seeds are indeed sown, and they often come up, but they are choked off by the cares and troubles of the world. For any high degree of success, most men feel that they can be absorbed in but one thing. Business unfortunately calls for this intense absorption and the concentrating of all the energies into a single focus. There is also another reason why some of the big business men, who have

unmistakable spiritual force, may *appear* not to give an adequate expression of that spiritual force in their own business. It is wholly impossible to judge any business from the outside and to say what can or what can not be accomplished. Take the purely mechanical side, for example. To you and me it may seem the easiest thing in the world for a manufacturer to make some trifling improvement in his product. It seems, from our inexperienced point of view, that he must be very stupid or selfish not to make this slight change. We little realize that some alteration which seems nothing at all may require the throwing away of a most costly equipment of automatic machinery and the scrapping of thousands of dollars' worth of tools and other equipment. Sometimes the addition of a seemingly infinitesimal amount to the cost of a product may total a sum running into the millions, because of the tremendous volume of output. These mechanical examples are perfectly obvious when we stop to think of them, but what is not so clearly seen is the similar situation that controls the economics of business.

Economic forces have a power which the public never realizes, because such forces are rarely spectacular. Nevertheless, the business man is strictly subject to their control. He can no more avoid or alter economic laws than he can make water run uphill or act in defiance of any law of physics, mechanics, or chemistry. To you and me, watching from a distance some towering figure of finance and industry, it may

appear to us that this man can do what he pleases. Nothing could be farther from the facts. His every act is strictly limited and conditioned by the economic environment in which he operates. The kindliest mathematician cannot make two and two other than four, nor can the most spiritual leader of business reverse or revise the laws of economics.

Moreover, it is increasingly the case that the individual business is no longer an isolated unity. Time and again a business man may wish to make some change in his own particular organization, but he realizes that such a policy will have far-reaching reactions not merely upon other concerns in his own line, but also upon other industries. Business is steadily becoming like a vast mechanism. Every wheel, lever, pipe, and other part of this great machine has a connection with every other element. By an almost mechanical necessity any change in one concern makes its effect felt throughout the entire structure. Looking at a single enterprise it is easy to say, "Why doesn't that company adopt a different labor policy or so and so?" Doubtless that one company desires to make the suggested change, but unless the same policy were extended throughout the entire industry or throughout all industries, the upheaval would be most disastrous and more innocent people would be hurt by the change than by continuing the unsatisfactory conditions.

Let me repeat this point. The construction and operation of business is more intricate and extensive

than the most complicated machine you ever saw. College professors and other well-meaning people who would hesitate to tell a designer where and how to place his cams, rods, and pinions should be equally slow to tell an experienced business man how to handle his labor. Particularly remember this: Industry as a whole may raise wages or may reduce working hours, or may alter a product, and not much may happen; but if any one concern raises wages or reduces hours, it is likely to mean bankruptcy, and unemployment for the workers. We must have a better world by the adoption of the better standards for which labor leaders and social workers are striving, but these changes must come about gradually as the hearts of both employers and workers are changed.

When I stress the fact that the great men of business have mostly been brought up in the church, please do not get the idea that I say that they are all saints. I do not even say that their parents who were active in religious work were very much better than millions who do not take an active interest. A man may love and be kind to birds without belonging to the Ornithological Society. Moreover, most of us had rather live and, in many ways, do business with those who have not so much "religion." I fear every man has one or more sins, and women, I presume, would be catalogued accordingly if all the facts were known. Surely, because a man has the religious emotions is no reason why he has a 100 per cent

record on the Ten Commandments. There are many instances where such men are far better posted on the multiplication table.

However, the fact nevertheless remains that there is something in the church environment and religious impulses which develops in men a desire to create and a joy in production. Education dresses up the surface of a man, but there is a "something" found in the church which provides the impelling force and makes him anxious to be of service. In other words, although religion is no proof of virtue, it does develop men to do things and creates within them a fund of energy. Whether they secure this through prayer, faith, or the desire to be of service, I do not know; but statistics show very clearly that these men have a power which others have not.

Before closing this chapter, let me state that this is not an appeal for church attendance; neither am I starting a drive for greater church membership. Of all detestable things, I think hypocrisy is the greatest. The man who joins the church or joins a lodge to help him in business is nothing short of a skunk. To use such an institution to help him socially or to aid him in selling goods is almost an unpardonable sin. Therefore I hope no one who reads this article will go to church in order to be a bigger business man. The basic principle of Christianity was expressed by Jesus in the statement: "He that findeth his life shall lose it; and he that loseth his life for my sake shall find it." This means that spiritual

power comes not by going after it, but as a reaction from sacrifice and service. The man who goes into religious work to get something never gets anywhere. Those who have acquired spiritual power, with which they have created big things, became interested in religious work unconsciously and never from any selfish motive. This is especially important for the young man to understand.

Of course, a great many people are religious whom we never hear from; but so far as I know, every man who has been a real creator of things worth while has been impelled by spiritual power. For instance, take any of the best known businesses of to-day. Start out with the United States Steel Corporation, for instance. James A. Farrell, its president, is a most devout Roman Catholic. If you talk with him, he will tell you that he owes his position to-day to the power, faith, and inspiration which his religion has given him. The great packers, the Swifts, are intensely religious men. Mr. Louis F. Swift supports Lake Forest College, an institution for preparing young men for the Presbyterian ministry, while his brother is engaged in similar work. The McCormicks, of harvesting machinery fame, founded a great theological school. Mr. Henry P. Crowell, head of the Quaker Oats Company, has for years been the head of the Moody Bible School of Chicago, while the vice-president, Mr. J. H. Douglas, and his wife have been very active in Chicago religious work. George Horace Lorimer of the *Sat-*

urday Evening Post—starting in business under Philip Armour—is the only son of a Baptist minister, and his father's picture is always on his desk. One more reference to Chicago: Mr. Victor Lawson, late publisher of the *Chicago Daily News*, has recently left a fortune to the trustees of the Chicago Theological Seminary, which trains men for the Congregational ministry. As stated above, these men may not have been saints, and probably some readers will shrug their shoulders when I mention their names; but I am not endeavoring to prove them to be saints. My statement is not that spirituality makes men *good*, but rather that it makes men *strong*.

There may be many collars that are as good as Arrow collars, many breakfast foods that are as good as Toasted Corn Flakes, several paints that are as good as Sherwin-Williams, and soap which is as pure as Ivory. However, these other collars, breakfast foods, paints, and soaps are not so well known, while the brands I mention are known in every household. Why? The reader can be his own judge, but the facts show that in every one of these instances, the founders of the business were intensely religious men and went about the selling of their products as missionaries, fired with an indescribable zeal. Mr. Cluett, of Cluett, Peabody & Company, has been president of the Young Men's Christian Association of Troy for many years; Kellogg is probably the leading Seventh-Day Baptist in this country. The Sherwins are active Episcopalians and

Baptists, and their general manager is superintendent of the Old Stone Presbyterian Sunday-school in Cleveland. I remember one winter when in Florida I was talking with Mr. Procter of Procter & Gamble, the manufacturers of Ivory soap. I tried to talk with him regarding the business situation, but no, that was not what was interesting to him. He immediately turned the tables and endeavored to interest me in the work of the International Young Men's Christian Association. This was the one great thing he had on his mind. It seemed to be an overpowering passion with him. I have had scores of instances like this when talking with captains of industry.

Of course, no one sect or denomination has a monopoly of spiritual power. The bottles may be labeled Presbyterian, Methodist, Roman Catholic, or even Jewish, and the colors of the liquid inside may differ; but there is spiritual power in all of the bottles. Mr. Rosenwald, the head of Sears, Roebuck & Company, is a Jew, but is just as religious a man as was Wanamaker, the great New York merchant, so active in Christian circles. The Colgates of Colgate Soap fame, Herbert D. Kingsbury, Duke's partner in the American Tobacco Company, and N. W. Ayer, the founder of the great advertising agency, Heinz, who made the 57 Varieties, and scores of other men have testified to me the facts which I am trying to present. All that I ask is that the reader get me right. I believe that religion should be a sign of

goodness, virtue, and gentleness; but I know it is a generator of power.

In conclusion I have only this to add. It has been my experience that one of the most useful ways to test the validity of any belief is to assert it in public. I do not know why it is, but there seem to be millions of hawk-eyed critics scattered throughout the country who spend their entire working lives watching for flaws of writers and speakers. Broadcast any statement of sufficient importance, whether by platform, press, or radio, and if so much as a single comma is misplaced, your mail will be choked the following morning with letters pointing out where you were wrong. My final test, therefore, of the validity of this idea, is that I have repeatedly and publicly challenged any one to refute it. I recall that many years ago when addressing a mass-meeting in New York City, I stated that the overwhelming majority of successful men have been brought up in a Sunday-school with a praying father or a praying mother, that they themselves are fundamentally religious, and that the church was the basis of their success. I have made these same challenging remarks from many other platforms throughout the country. It has been widely circulated by newspapers and magazines, but through all this widespread and prolonged ordeal the statement has stood unchanged.

In fact, much to my surprise at first, I have received letters not of criticism, but of confirmation.

For years I have been thus periodically searching and canvassing for evidence on the opposite side of the case, for any bit of testimony from the millions of business men, which might change my position. With so many true things in the world to cherish, I do not want to cling to any illusion. Because of this simple and practical but actually very rigorous testing of the statement, I can very confidently go on record once again here in this book with the declaration that prayer and religion, as developed by our churches, are the foundations of achievement, *all* achievement and not merely achievement among pastors and poets, but also achievement in one of the toughest battle-grounds of the ages, the arena of modern American business.

HOW THE CHURCH CAN AID INDUSTRY

EDWIN MUSSER HERR

President, Westinghouse Electric and Manufacturing Company

Mr. Herr was educated in the public schools, but before completing his high school course he was compelled to go to work. Having been employed at odd times as a messenger by the Western Union Telegraph Company, he became interested in telegraphy, and by the time he was sixteen he was able to secure a position as telegraph operator in the Denver office of the Western Union company. He employed his spare time to such good advantage in continuing his studies that in 1881 he was able to enter the Sheffield Scientific School of Yale University.

After graduation in 1884 with the degree of Ph. B., he entered the office of the mechanical engineer of the Chicago, Burlington & Quincy Railroad at Aurora, Illinois, as mechanical draftsman, and through successive promotions became engineer of tests, superintendent of telegraph, and finally division superintendent of that road. He accepted other important positions with outstanding companies, and studied railroad practice both here and abroad.

In 1896, during a series of air-brake tests conducted on the Burlington Railroad before the Master Car Builders' Association, Mr. Herr first met Mr. George Westinghouse. He evidently impressed the great inventor most favorably, for in 1898 he was asked to accept the position of general manager of the Westinghouse Air Brake Company, located in Wilmerding, Pennsylvania. Mr. Herr remained with this company until 1905, when he was elected first vice-president of the Westinghouse Electric & Manufacturing Company. In 1911 was elected president.

Under his management, the Westinghouse Electric & Manufacturing Company has grown from a comparatively small concern, handling $20,000,000 of business annually, to one of the outstanding companies in the world with an annual business of approximately $160,000,000.

He is a director of the American Manufacturers' Export Association, Radio Corporation of America, Westinghouse Air Brake Company, Westinghouse Electric & Manufacturing Company, and various other organizations.

HOW THE CHURCH CAN AID INDUSTRY

E. M. Herr

One of the most difficult problems confronting industry to-day lies in the relationship between the management and the workers.

In the early days of industry when an employer knew all parts of his business intimately and had personal contact with his employees individually, this problem was not a serious one. Grievances on the part of either the employer or the employee could be discussed personally and satisfactory adjustments promptly made, while employers who habitually treated their employees harshly paid the penalty of being shunned by competent help.

To-day, however, the rapid development and improvement of the steam-engine and the application of electricity for supplying light, heat, and power have enabled manufacturing industries to grow until thousands of people are employed by a single company where formerly hundreds were employed. These large industrial units—usually in the form of stock companies or corporations—require a well organized body of employees led by one executive who, because of the size and nature of the organization, is far removed from the workmen, so called;

that is, the men who work more with their hands than with their heads. These workmen are by far the largest group of people employed in any given industry, and to their proper management is being directed more study and effort than to any other single problem in industry.

It is here that the interests of the church and of industry meet. Industry is primarily interested in efficient production and the church in human welfare, but their interests are, in the last analysis, largely identical, in spite of all that has been said and written to the contrary. If industry and the church work together, each with a clear understanding of the problems and aims of the other, the result will be better and happier men and women, which is the true objective of all human effort.

I have referred to the very large industrial establishments of to-day and to the large number of workmen employed by them. It is a fact, however, that less than one third of the wage-earners of the country are employed by these large companies, and they themselves in the aggregate comprise but one per cent of the total number of manufacturers. These facts should be remembered if a true picture of the situation is to be had; but that there is a distinct trend toward larger industrial companies can not be denied, and a consideration of the effect of this change upon the workers is therefore important.

In the early stages of growth of these large manufacturing units, as the responsible manager was un-

able to have personal contact with the workmen, employees were often dealt with rather arbitrarily, causing them to feel the need for an organization among themselves by means of which they could cope with the employing organization, or, as it is usually called, the management. In forming an organization, the workmen not only included the employees of a single company, but brought into it all the workmen of a similar craft, regardless of their location. This constituted a union, and thus we have the machinists' union, the carpenters' union, the miners' union, etc.

Owing largely to lack of contact with the really responsible officers and to the absence, to a greater or less extent, of coöperative effort between management and men until rather recently, there were frequent clashes, which too often resulted in strikes or lockouts. About ten years ago progressive managers began making an effort to get into closer contact with their workmen and to this end encouraged the formation of committees of workmen in each manufacturing plant, who could meet jointly with the foremen and other executives and discuss matters of mutual interest. Through the meetings of these so-called joint conference committees, each side obtained a broader and more correct view of the other's problems and conditions, and they were thus enabled to reach agreements which would otherwise have been impossible.

The number of joint conference committees or works councils in various American industries is rap-

idly increasing. In 1919 about two hundred were reported, while in 1924 there were more than eighteen hundred affecting a million and a quarter workers, or about one tenth of those employed in manufacturing industries.

These committees are elected by the workmen by ballot in such a way as to make them representative bodies; that is, each elected member represents a group or a certain number of employees, and these members are elected at regular intervals, usually annually, so that they are at all times the real choice of the employees they represent. The group of employees elected by the workmen joins a group of employees appointed by the responsible officials of the company, usually composed of foremen, assistant foremen, chief clerks, storekeepers, and other minor officials, with whom the representatives of the workmen come in contact in their daily duties and with whom they are more or less acquainted. The representatives of the management sit with the representatives elected by the workmen and together form the joint conference committee.

Does this joint conference committee fairly replace the former personal contact between the responsible head of the business and the employees working under his direction?

Before attempting to answer this question, it should be understood that a modern manufacturing industry is no longer owned in a large measure by those responsible for its management, as was the case

a generation or two ago. The ownership of a modern industry is spread among many thousands of stockholders; in the case of two of the largest corporations the number of stockholders has increased in the last twenty years from less than ten thousand to over three hundred thousand. It is becoming increasingly true, therefore, that in the case of our most important industries, no large amount of stock is in the hands of any one individual or even any cohesive group of individuals. As a result, the officers are not controlled by any dominating owner or group of owners, as no one man or small group represents a controlling interest in the company, with whom the officers can properly confer in order to be guided as to its policies.

This condition places a very heavy responsibility upon the boards of directors and principal officers of such companies. From a legal standpoint, this responsibility is to the stockholders only, but it must not be viewed too narrowly if one is to measure it correctly. In order to be properly safeguarded, the interest of the stockholders, the interest of the customers,—the consuming public,—and the interest of the employees must all have the fullest consideration of those in responsible charge of any industry; in fact, the first consideration must be the interest of the customer, for unless he is satisfied and attracted by the treatment he receives, business is lost and the company languishes, unemployment for the worker being one of the results.

The maintenance of proper relations between employer and employee, comprising as it does the training, handling, and disciplining of all employees in such a manner as to keep them satisfied and to bring about the most effective production relationship to industry, is a much more intricate problem, and in fact the most important and difficult one with which those in responsible charge of a company are confronted to-day. It is too soon to speak with confidence of the part played by the joint conference committee in solving this problem; and like many other problems, whether it is a pronounced success or a total failure will depend upon the manner in which it is handled. Enough evidence is at hand to show that a great deal of value, both to the employer and to the employee, has come from the establishment of such a relationship, coöperative in its character and educational to both parties at interest. This relationship having been established, labor can play a large and important part, of tremendous value to itself and to the consuming public, of which it forms so large a part, if it will adopt a broader attitude than it has heretofore assumed, and concern itself not only with those things which will further its own narrow interest, but also and principally with those things which are of the most benefit to all connected with industry, in the development of which labor should be an important and constantly increasing factor.

The employer must, on his part, be broad in his dealings with his employees, and foster a spirit of

cordial coöperation in matters of mutual interest. The church can perform a real service to industry if it will help in the advancement of this spirit of cooperation. A practical manner in which this can be done is for those ministers whose congregations consist largely of industrial workers to get in personal touch with the heads of their local industries and learn at first hand the practical problems of the employers and their plans for solving these problems. These plans will, for the most part, be found to be sincere efforts to produce results that will, on the one hand, effectively increase the efficiency of production, and, on the other, improve the general welfare of the worker. The idea that the worker is a mere machine is no longer held by an intelligent factory manager, and the necessity for recognizing the personal needs of the individuals has become an industrial axiom.

The plans of the management of any progressive industry to improve the welfare of its employees will in all likelihood prove to be more practical than those evolved by social workers who have not taken the trouble to get first-hand information; and in most cases a frank discussion by ministers with employees will enable the churchmen to understand more clearly the actual conditions in industry and to cultivate a spirit of coöperation instead of antagonizing employers, who are honestly trying to do what they can for the betterment of their employees.

By doing this, ministers will be on firmer ground

and will be able to produce far greater results than they will by first placing before the public ideas and suggestions which may prove to be impracticable, and even injurious, when all conditions are understood.

Coöperative and improved educational effort, together with the stimulating effect of a restricted foreign emigration and the use of labor-saving machinery, have done much in recent years to improve industrial efficiency and at the same time give to labor an increasing reward in this field. The National Industrial Conference Board has made an exhaustive and scientific research into this subject, from which the following data are of interest:

Since 1914 the "money" earnings of the industrial wage-earners have more than doubled; that is, they obtain more than twice as many dollars for a given amount of work. Taking into account the higher cost of living, their "real" earnings, that is, the purchasing power of their earnings, have increased by one third and at the same time their working hours have decreased. In 1909 only eight per cent worked forty-eight hours a week or less, while ten years later these hours were not exceeded by nearly fifty per cent of the wage-earners.

In the last twenty-five years the volume of manufacturing in the United States has increased threefold, while the number of wage-earners has only doubled; the installed primary power employed for the improvement of conditions by labor-saving machinery and better lighting and heating has increased by two and one-half times, and the use of electrically applied power from less than five per

cent to sixty-seven per cent, or an increase of over thirteen times. . . .

To the extent that mechanical power is harnessed to do the heavy work in industry and the purely physical things that machines can do, formerly done by human labor, to that extent men are released from purely physical work for the doing of things that require brain-work. While the earning power of brawn is limited to so many dollars a day, the earning power of brain-work is limited practically only by the ability of the individual. Furthermore, inasmuch as power application makes possible greater production at lower unit cost, the effectiveness of the individual worker, and with it, that of the entire industrial enterprise, is increased, permitting of greater earnings both for the investors and the workers in industry.

I have stressed the importance of coöperation between employer and employee. In certain directions there is no limit to which such coöperative effort should go; in others, however, there is a limit beyond which it is not only unwise to go, but positively injurious, alike to employer and employee, and consequently to the public which both must serve.

There is much loose talk among men of high standing, but generally with very limited experience in industry, about the democratizing of industry and giving the men a share in the management of industrial properties. To the extent of a coöperative effort between employer and employee to improve working conditions, or, in fact, to better any of the situations in industry that are unsatisfactory to the

employees, such as wages and hours of services, well and good; but I maintain that the limit has been passed when enthusiastic reformers advocate giving a voice in the financial and business management to the workman, who has done nothing toward bringing the industry into existence, and has no responsibility for the operating results, whether profitable or unprofitable. While many managers have come from the ranks and there is no limit to the possibilities of advancement for the workman, a responsible management is needed for the development and even the existence of the industry, a result on which depends not only the interest of the many owners and the public served, but the employment or non-employment of the wage-earners themselves.

The fallacies of socialism might easily destroy the entire structure, the condition of Russian industry to-day being an evidence of their effect. Attempts to formulate new social creeds, sometimes undertaken by reformers and those interested in social welfare, are dangerous, since the relations of the different elements of which our social structure is composed are so intricately interwoven that generalizations are almost always wrong in their application and may easily do a great deal of harm.

We must not fail to recognize that, in all attempts at reform, care must be taken that in our efforts to bring about changes which, on the surface, appear desirable, contact is first made with those who are in responsible charge of the situations it seems desirable

to change, to the end that such changes may be recognized as desirable by those who can most naturally bring them about. It will seldom be necessary to go further, if this first step is well taken and the reforms recommended are really wise and good.

Enlightened employers will gladly welcome constructive coöperation on the part of the church, and this help will greatly facilitate the solution of many of the most pressing problems of industry to-day.

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WHAT CAN THE CHURCH DO FOR LABOR?

WILLIAM GREEN

President, American Federation of Labor

William Green is fifty-three years of age, having been born at Coshocton, Ohio, March 3, 1873, the son of Hugh Green, an English miner, and Jane (Oram) Green, a native of Wales. His family home is at 1602 Chestnut Street, Coshocton, Ohio.

He gained his education in the public schools of Coshocton, and when eighteen years old went to work in the mines with his father.

Almost immediately he took an active part in the miners' union. From 1900 to 1906 he was a sub-district president and from 1906 to 1910 was Ohio district president of the United Mine Workers.

In 1912 he was elected international secretary-treasurer of the United Mine Workers, the office formerly held by William B. Wilson, who became the first secretary of labor in President Wilson's cabinet. A year later he was elected vice-president and member of the executive council of the American Federation of Labor, succeeding the late John Mitchell in that office.

William Green was a delegate-at-large from Ohio to the 1924 Democratic national convention in New York, and was a delegate-at-large to the Baltimore convention in 1912 which nominated Woodrow Wilson, and alternate-at-large to the San Francisco Democratic national convention in 1920.

Mr. Green served two terms in the Ohio State Senate, of which he was Democratic floor-leader for both terms and president for both terms. He introduced and secured the enactment of the Ohio Workmen's Compensation Law, which has been accepted by organized labor as the model for other States to adopt. He also introduced and secured the passage of the Ohio Mine Run Law, an act which has proved to be of great benefit to the mine workers of Ohio and all those employed in the central competitive field (consisting of Ohio, Western Pennsylvania, Indiana, and Illinois).

WHAT CAN THE CHURCH DO FOR LABOR?

William Green

Men look to the church as the agency which will teach them to find the kingdom of heaven and to live a righteous life. Labor is generally regarded as the hewer of wood and the drawer of water. To those who do not see how the various parts of living are interlaced in a complete expression of life, the church and labor symbolize different planes of activity. Those who find in all of life a unity that implies that each different activity is part of a related endeavor for self-development seek a unifying principle. This I understand to be the basis of this inquiry: What can the church do for labor?

That which is a common tie between all men is sincere longing for life, and life more abundantly. Individuals differ widely in the kind of life they think they want, but one and all consciously or unconsciously are in quest of the mysteries of the kingdom of God, through which we shall learn the meaning of life.

Some of us see the church as the road to the kingdom of God. Others see it through the redeeming power of great social reform. And still others hope

that through the development and release of creative power in men human beings may express their spiritual natures. And others there are with the penetration to see in all these things the inextinguishable desire of men to have more of life. Men are everywhere grasping after pleasures and possessions or something to satisfy the longings of human nature. This very simple principle brings a definite meaning out of what seems otherwise a mad scramble.

The church has the responsibility of developing creative activity in spiritual living and in directing religious education along lines that will promote character building and right living. In addition we look to the church for the art of developing spiritually, just as we look to our schools for the art of developing intellectually. As the spirit of the man is that which dominates and colors his living, it is evident that the church has a functional opportunity to be the all-pervading factor in individual and community life, if the church achieves its fullest possibilities.

Through its influence on the mainsprings of character and thus deepening the currents of living, the church, that influences spiritual life by maintaining high standards of justice and fellowship between men, makes its greatest contribution to the cause of labor. The fundamentals of human relations which the church teaches should serve as the basis for human relations in industry and all work relations.

The labor movement had its origin in hunger that was both physical and spiritual. Labor seeks life and

life more abundantly. It seeks relief from long hours and animal-like toil, that it might know the glory of well-living and opportunity for the beauty and color which add richness, depth, and symbolism to living.

The movement seeks to develop the character and the self-respect of working men and women by making them feel that they are of importance to industry and to society and that they should be and must be consulted when matters affecting their interests are at stake in the concerns for which they are working. It brings to workers responsibility instead of acceptance of the position of humbly taking what others decide to give them, of dumbly doing what they are told.

Labor movements seek first those economic standards that lift the horizon of the workers' lives and widen the area in which they live; shorter hours and higher wages are fundamental requirements in assuring opportunity for development. The movement is seeking these things, not for the sake of better hours and more money, but that it may bring more of life to those who do the world's work.

By improving the working conditions of workers, opportunities are made available for changes in the personalities of the workers themselves. The labor movement seeks first to make conditions of labor such that bodies and minds shall not be so poisoned or warped that their possessors cannot appreciate and use opportunities that may be theirs; it endeavors

to make employment more stable, so that families need not worry continually over food and lodging for to-morrow or live in dread of losing a job, of sickness, or of other disability. It seeks to provide the means for more equitable conditions of employment and for the adjustment of difficulties that grow out of industrial relations. When definite standards of fair dealings are guaranteed jointly by management and representatives of the workers, labor is there in a position to render longer service and to assume definite responsibilities. But labor cannot enter upon this larger activity until management creates the opportunity by guarantees of justice that beget confidence on the part of the workers.

Our trade-unions are based on craft divisions which follow the demarcations of different vocational groups. These groups are the repositories of work experience, which constitutes technical information invaluable in developing greater efficiency and improvements in production. The beginning of this type of union management of coöperation marks the initiation of an educational undertaking of immeasurable significance, for it makes possible the utilization of the production experience of all concerned in production.

The decisions and the policies of the trade-union movement must rest with the wage-earners themselves. Upon the various factors in industry rest distinct functional responsibilities which labor recognizes. Each separate factor must have authority

to decide those matters for which it has functional responsibility. But this does not imply arbitrary decisions without consideration of all factors and elements concerned. In addition to industrial considerations, public opinion has a real influence in determining industrial policies. When disputes arise within industry, public opinion becomes increasingly potential. General discussion of the issues is necessary to an intelligent conclusion, which involves, of course, having the necessary data available. In this connection the church could render a service, not only to labor but to industry and society, by providing unbiased agencies for joint educational discussion. This service does not necessitate partizan or definitive action on specific issues by the church, for that would be distinctly outside its province. But the church can with propriety be the champion of free discussion and fair play. Of transcendent influence would be the ethical standards and emphasis on right living which the church would focus upon any concrete situation. Understanding of industrial conditions and industrial forces is essential to discussion. Familiarity with the technique for achievement as well as ideals is necessary for clear thinking.

Any effective aid to labor must be based upon an understanding of workers, their organizations, their conditions of work and of living, and the hopes they hold. This understanding can be hastened if ministers and the more enlightened of the congregations take the lead in furthering it and in increas-

ing their own knowledge. They can acquire a more intimate knowledge by familiarizing themselves with factories, by visiting labor-union meetings, by getting acquainted with labor publications. Is it not profoundly significant for us that for many years Christ lived in the household of a carpenter and was intimately in contact with working people and working conditions? To know men, we must know them at work. That was one of the reasons *He* so well understood men and what they needed. Life and individuals cannot well be understood from books alone; first-hand contacts are needed. Ministerial associations might arrange for discussion of labor problems and invite workers and employers to present their respective points of view; group visits to factories, as well as courses of study, might be planned. If ministers and courageous laymen in all the churches understood labor's needs and desires, it would be easier for church organizations to make intelligent plans for studies of labor problems in the field.

In another very practical and tangible way, the church can help labor by seeing to it that, in all business undertakings which serve its needs, industrial relations shall be in accord with highest standards. Practically all churches have investments and have dealings with business undertakings of some measure of importance, and more or less directly the church may control industrial-relations policies in these undertakings. In this way the church must

lend its support either to the organized labor movement or to the influence for disorganization. The organized labor group is the policy-making and standard-establishing agency. The church must support this movement or be counted against it.

As ministers and churches show a more sympathetic interest in working people, they will be able to inspire them to more far-sighted endeavors. And laborers need such inspiration. As long as they are forced to fight to get what they need, they will tend to become self-centered; they may forget that they are fighting for better conditions, better hours, better pay, in order that they may get more out of life and put more into it. They may become so absorbed in the fight itself that its immediate goal may be the only thing they see. Churches can aid laborers to keep the vision.

The great preachers of the Old Testament, the fathers of our own Christianity, were prophets. They translated their great ideals into practical precepts. They did not just preach "be good, be good," or "be loving, be kind"; they showed by specific illustrations that men were not practising what they professed. Jeremiah not only denounced idolatry and immorality in general; he pointed out the evil he saw in concrete political and social projects. Hosea dared speak plainly to Ephraim: Nahum dared lead his people in a great constructive enterprise. A great ministry to-day will dare point out in private and in the pulpit the social practices that it sees destroy-

ing social and religious sensibilities. A great ministry will seek to understand the nature of the industrial system, with its creed of profit, and will seek to inspire men to a creed of coöperation for reciprocal benefit and advancement. A great ministry, an enlightened church, will seek to understand working people as well as business men, will seek to aid each to work for the welfare of the community, and not for lesser ideals, will do its utmost to promote harmony and understanding between groups as well as between individuals.

The great leaders of the labor movement, as well as the great men of the church, have had a passion for humanity, that men and women might grow to the full stature of their capacities and live lives hallowed by consciousness of the divinity of men and toil. By holding men responsible for the achievement of those ideals that lift and satisfy the souls of men, the church makes its greatest contribution to all human progress, including labor. Where there is the will for fellowship, ways to adjust industrial problems will be found.

THE WORKER AND THE CHURCH: GETTING APART AND GETTING TOGETHER

WHITING WILLIAMS

Counsel in Industrial and Public Relations

Whiting Williams puts into his article more than the ordinary amount of experience with his fellow-men. Everybody knows about his years of work in overalls as a laborer among laborers in this country and abroad. He left his position as vice-president and director of personnel of a large Cleveland steel company, donned overalls, and became a journeyman laborer in the mines and factories of this and other countries, just to find out the things that were uppermost in the mind and the life of the worker. He wanted to know what unrest, the war of capital and labor, class hatred, strikes, unions, internationalism, bolshevism, and kindred by-products of the war and of the times—just what these things mean to the laboring man.

He believed that there was but one sure way to find out; and that was to become a laboring man, do his work, live his life, eat his food, endure his hunger and fatigue, associate with his friends —and help fight his enemies.

He has labored in the coal-mines, steel-plants, and ship-yards of Great Britain. He spent summers as a common laborer in Germany, France, and Belgium. Wide interest has been attracted by his articles and books, especially his *What's on the Worker's Mind*, and, more recently, his more philosophical discussion of the problem of influence and human relations in *Mainsprings of Men*. To-day he gives himself to writing and to lecturing before different groups, including the young men at the Graduate Schools of Business at Harvard and Dartmouth; in addition he acts as counselor in industrial relations for certain large employers of about 250,000 workers.

Mr. Williams graduated from Oberlin College in 1899.

THE WORKER AND THE CHURCH: GETTING APART AND GETTING TOGETHER

WHITING WILLIAMS

"Amen—und Glück auf!" ("Amen—and good luck!") That was the way we coal-miners in Germany's Saar Valley would all lift our heads and, turning to each other, complete the prayer in which the mine foreman led us each morning after assigning us to our various working-places below ground. With that we would pick up our safety-lamps and take our positions in the line, awaiting our turn to go into the cage or hoist and down to our daily jobs in the dark passageway inside.

The spirit of those morning devotions represents the attitude of the average worker toward the church immensely better than do the much heralded expression of antipathy and bitterness. That is my belief after my recent years of studying the labor problem by the overalls method; by doing the laborer's work and, so far as possible, living his life, in the basic industries of coal, steel, and transportation both here at home and in the five most industrialized nations abroad.

Many workers hate the church, just as they do the state and various other institutions. But these

men are the result of a variety of maladjustments, the greatest of which is the irregularity of their work. For the most part they are at the bottom of the House of American Industry, casual and itinerant workers who have no family, no home, no fixed community, very slight—if any—skill, and, worst of all, a minimum hold upon any job anywhere. These maladjustments must be corrected if ever these men's souls are to be saved. But meanwhile the bitterness of their attitude to the church should not be accepted as representing the feelings of that larger body of workers who have families, homes, a certain amount of skill and "know-how," and a fairly secure hold upon a certain job in their permanent community.

Of this larger group of wage-earners the attitude toward the church—the Protestant church—is not so much of antipathy as is generally believed. It is an attitude not of antipathy, but of indifference. This indifference is shared by many of the worker's white-collared friends. It is largely the result of a general misunderstanding. For that misunderstanding the minister is partly to blame; but so are most of us, his church members. It arises largely from the failure of the minister and his church-members to understand the worker's inmost hankerings and then to meet him and to minister to him in the midst of them.

I can't tell about these unless I borrow a phrase I encountered everywhere among the workers and

ask you to "Lemme tell you *my* experience!" In order to study the worker's mind, I arrived one day about six years ago in a big steel center with twenty-five dollars in my pocket. I had agreed with my friends at the office and at home that if this sum was spent before I got a common laborer's job, it would be up to me to live for at least six months the life of the jobless man, whatever that might bring. Under an assumed name, with an unshaved face, and in the worst of clothes, I began my search for work —and with it my education in the worker's wants. That very day I began to learn what every one must learn if he would understand the mind and heart of the worker; namely, *the colossal importance to that worker of the daily job—the compelling necessity of getting a job to-day, and then, by some means or other, of gripping it for a job to-morrow.*

There in that necessity is where the whole modern problem of industrial relations, and so of social relations, gets its start—there, and not in the wage disputes which so generally fill the head-lines. It is simply impossible to overstate the extent to which the worker considers, and *must* consider, the job as the very axis upon which his daily life revolves.

"For the last eight months I 've been workin' practically every day," a thoughtful carpenter confided. "But I swear to God there was n't hardly an hour of it but my heart jumped every time the boss started my way, a-fearin' that he was comin' to lay me off. And not once, I tell you, did I ever get home ten

minutes before my regular time but my wife she seen me comin' down the street and ran out to the gate to meet me, askin' me always with a catch in her throat: 'Has it come? Tom, tell me quick! Has it come?' "

It is such experience in the lives of literally millions which gives rise to most of the troublesome shortcomings of the worker as we white-collared folk observe him. Such experience of the insecurity of his work tempts him to loaf and string out the job, to lay three hundred bricks instead of a possible thousand or more. The same uncertainty of his future makes him not too friendly to the new machinery which takes the place of men, even though the new invention may later increase the output of those who remain on the job, lower the price of their product, and thus in the long run create a demand for more workers than before. The trouble is that the hurry-up pressure of next Saturday night's bills does not allow the head of a family much time to look at things in the long run.

Right here is laid a large part of the first tier of misunderstanding between the worker and the church. We white-collared members grow resentful of the worker's apparent neglect of his proper duty to produce his daily utmost, and he in turn grows equally resentful of our inability to understand any of those difficulties in his experience which he believes justify for him a certain amount of loafing and self-protection.

But this first tier contributes only the beginnings, the foundations, of the misunderstanding between the worker and the church. What goes upon these foundations is a misunderstanding of a more spiritual and therefore more serious sort. This misunderstanding results from our inability to "get" the real reasons why the worker's job is so important, so vital, to him.

"All this worker fellow wants is in the pay-envelop!" is the way this inability is generally expressed. Almost universally we assume that *of course* the job is important to the worker simply because it represents the indispensable wherewithal to buy the daily bread and butter and shoes and stockings. Almost universally we assume that the weekly pay represents the whole of the worker's thought about his work.

It took me three weeks to get the first inkling that this explanation is inadequate—extremely inadequate and terribly harmful, because it leaves out a certain spiritual factor. For three weeks I had shoveled hot and dusty brickbats out of the steel plant's fallen-in furnaces. I was one of a motley crew of Mexicans, Indians, negroes, and various foreign-born unskilled laborers, working fourteen hours during the night week, ten hours during the day-turn, and eighteen or twenty-four hours every other Sunday.

"Charley, how 'd you like to join the millwright gang?" the foreman called to me one night. He appeared to think he was offering me a distinguished

This, our failure to see anything but the dollar in the worker's feeling for his work, has reared the wall of a genuine spiritual misunderstanding between the wage-earner and the rest of us, in our churches and out of them. This wall is highest between the worker and the minister simply because the modern minister's job makes it harder for him than for the rest of us—and that's saying a lot!—to understand the modern worker's wish, and the modern worker's *ability*, to find something genuinely spiritual in his daily job. More than the rest of us the present-day leader of the church tends to assume that of course the worker's hours of toil are completely void of spiritual satisfaction and that accordingly he should seek such satisfactions in the church on Sunday if he is to find them anywhere in his life at all.

This mistaken assumption accounts, I believe, more than does any other one factor for the worker's failure, such as it is, to be interested in the church. At the same time, this assumption arises from causes for which the minister is not altogether to blame.

"I was all packed up for attending our national denominational convention," a pastor in a small coal town once told me. "Then the word came that one of my best friends had been killed in a near-by mine explosion. I immediately wrote the sermon and unpacked to await the setting of the date of the funeral. *That was two years ago!* Only last week the rescuers, after two years of constant work, finally succeeded in reaching the bodies of my friend and his

companions. *This morning I got back from delivering my sermon!*"

That is typical of the difficulties which the church faces when it plans to reach and serve the worker where he really lives and moves— in his work.

" 'I see,' said the blind man"; that was all the wisdom I could muster that first morning when, after fourteen hours of hard labor with a shovel in a steel plant, I stumbled up the hill past the town's churches, libraries, and schools. For the first time I began to understand why in Cleveland we had had so much trouble interesting the city's laborers in the social work of our philanthropies. I could see plainly enough that morning those walls which to-day a man's job builds up around him; walls which proceed pretty much to determine his entire life from day to day.

Practically everywhere in industrialized America we citizens are free to enter the school, the library, or the church *only* in those hours which are left to us *after* we have first earned our living. Furthermore we take with us into these places only that equipment of muscle, mind, or spirit which is left to us *after we have first met the compulsions of the daily task.*

"No, never go back home again in Norway," a sailor once confided to me; "no, not even with fine suit of clothes! With my mother—yes, with her I could talk. But with my sisters—no, never! You see, in all twelf year away from home, never once do

I have one word with good, decent woman. Something gone—" (with hand on heart) "something gone in here!"

We all know—and every sailor knows—perfectly well that no one can talk about a sailor's soul apart from a sailor's life. But every sailor knows a thousand times better than the rest of us that it is idle to speak of a sailor's life except when you view it as largely the result of a sailor's job.

"Of course, a fellow drinks up there in them rotten lumber camps," a hobo once explained. "Because the drunker ye be the less ye 're a-mindin' o' the flies and the bugs! And when ye sober up, ye 're used to 'em!"

In the steel plant old Uncle Zeke knew he was slipping. Every month the boss was giving him an easier and easier job; and that meant he was becoming less of a man because less of a craftsman. But in the saloon he was anxious to tell me of his successful career, of one good job after another. When I asked him how drunk he liked to get, he gave me the key to the connection between men's wishing and their living.

"Oh, I just like to get drunk enough," he explained, "well, just drunk enough to get the feelin' of me old position back again, like."

Everywhere the world's workers understand better than do the rest of us the inescapable influence which our work wields upon our entire lives. That is precisely why they seek in their work those spir-

itual satisfactions which we outsiders so continuously fail to observe. It is because they seek those spiritual satisfactions that they find a measure of them which too many ministers find it simply impossible to understand.

"And all that day—" a leader tells of the engineers and mechanics who were installing the amplifying device by which President Harding's eulogy of the Unknown Soldier was heard by multitudes in Washington, New York, and San Francisco, after all had said the Lord's Prayer together in a transcontinental unison of hearts and voices— "and all that day not one of us workers but, rather than have the occasion fail, *would gladly have dropped dead in his tracks!*"

Now when such men, or any one of millions like them, go to church, they run too often the risk of being almost insulted in precisely the way I was. It was in one of New York's greatest churches that I heard a certain noted preacher pray in a manner which, I must confess, made it hard to keep from throwing a hymn-book at him! He explained, and apologized, to the Lord that all of us, his hearers, had to earn a living. That seemed to prove to him that by Saturday night we were not only tired, but disgusted, soiled, completely degraded. It was too bad, he realized and duly explained to the Lord, but it simply could n't be helped. The trouble evidently was that Father Adam back there in the garden had played us all a low-down trick and put the

curse of labor eternally upon us. But all this being true, and evidently beyond all fixing, he certainly was grateful, he told the Lord, that after a nasty, worthless, demoralizing week like that, all of us could come into his ecclesiastical laundry and religious barber-shop every Sunday morning. There, thanks be, he was delighted that he could give us all a good spiritual cleansing and so put enough self-respect and moral pep into us to make us tackle another week of unavoidable, but totally distasteful and insignificant, toil!

The maker of such a prayer has missed completely all that longing which really grips the worker. He assumes that if the doers of work do not come to church, then their lives must be totally devoid of any spiritual gratification whatever. That assumption makes it practically impossible for him to minister to them; he simply does not know where to find them.

As a matter of fact, too many pastors make exactly the same mistake, not only with the laborer, but also with the business man—even the business man and the employer in their congregations whom they call by their first names!

Once I made an engagement with a certain minister. I wanted to talk over with him my new line of work, and to reassure myself, perhaps, that it was thoroughly worth doing. We had not talked long about superficial things before he asked me, "But now tell me about what you are doing; are you mak-

ing a fair living at it?" I assured him that it provided a fair income, and was just beginning to lay before him the real question of its worthiness, its value to others, when he nodded his head and made it perfectly plain that he saw no further query in the matter! I ended the conference as quickly as possible and proceeded to obtain the desired advice from the most thoughtful of my business associates.

It is not strange that the modern minister has made this mistake of assuming that men are interested in work simply for the money it brings them. He is just like the rest of us; we all discern the worthiness of our own work, but we can't imagine how the other fellow can see the worthiness of *his!* The compulsions of our own jobs tend to build up partitions around us which cut us off from appreciating both the compulsions which press similarly upon the lives of our neighbors and the spiritual satisfactions we contrive to find within the limits of these compulsions.

But more than for most of us the minister's job has itself lately suffered an unfortunate change. His church has lately become a large organization with a multitude of business and other details demanding his attention. More and more he has to divide his week between the duties of an ecclesiastical business manager and those of religious lecturer. His lectures, also, require constantly more attention, just as rapidly as the school, the library, the newspaper, the movie, and the radio increase the knowledge and

the intelligence of his hearers. So the weekly preacher and the daily business manager tends constantly to give less and less time to the hourly pastor. That in turn lessens his opportunity to get close enough to his hearers to know where they really live and move. He comes to be a poor salesman of his wares simply because he has no time to study his customer. His job requires so much energy for broadcasting to his people from the pulpit that he has little time to listen in to the longings of their hearts and the breathing of their prayers.

One of the most significant developments of our times has been the shifting thus of a large part of the old pastoral function away from the preacher's study to the newspaper office.

"Weep on Gwendolyn's shoulder!" is the invitation which heads the column of one Mid-Western daily. It is only one of thousands of such columns in which are laid bare the plaints and longings, the calls for assistance, of every type of anxious humanity. In other parts of the same papers also will be found advertisements of still others who earn their daily bread—and also their daily belief in their own worthiness—by doing a part of the pastor's job. They offer to prepare men or women for increased responsibility in business by this or that technical training, adding, "We give expert and intimate study of your personal difficulties with counsel for their overcoming." Such advertisers are merely utilizing the youth's willingness to correct his weak-

nesses if only such corrections can be made to count toward the living of a worthier life through the doing of a better job.

No man can be a good preacher who is so busy with his business or his books that he cannot take the time to listen to the troubles of his hearers.

But the minister is less to blame for this change in his own job and its unfortunate results than are we, his members. In the long run he has to take his orders from us, just as does the worker in the factory from his employer. We have put new and big responsibilities upon him without arranging properly for his continuing his older duties. Like the worker, therefore, and all the rest of us, he has to adapt himself and make the most of the limitations as well as the liberties of his job. When we changed his work we changed his contacts with his fellow humans. That, in turn, changed his ideas about these humans and lessened his understanding of the hankerings at the bottom of their hearts. For that, finally, we, his employers, pay the price—we miss the fellowship and the encouragement he might otherwise extend us where we wish it extended,—namely, in our work.

So we church-members, together with our preachers and our fellow workingmen, will all profit and all get closer together as soon as we appreciate the necessity of taking men's jobs into account as part and parcel of their spiritual as well as their mental and physical lives. In the experience

of every one of us this great truth prevails: we all tend to *live* our way into our thinking and feeling enormously more than we *think* our way into our living.

So the modern minister simply must give thought to the work of modern men if he is to exercise any influence over their lives or their souls. There can be no water-tight compartment between the well-being of a man's spirit and the work of his hands. Every worker has abundant need of all the help that the minister can give to improving the conditions of his task. Such things as the twelve-hour day are spiritual as well as social and physical stumbling-blocks. But such help does not require the minister to attack the capitalist and the manager as though they were necessarily wilful malefactors driven solely by greed. When the minister's job permits him to get closer to men in their work he will find that rich men, poor men, beggar men—yes, and thieves—are all surprisingly alike; that it is easy to find differences between them in the matter of much education and little, large earning-power and small, huge responsibility and tiny, but very difficult to assign virtue to any one group of them and vice to the other. Some of the truest and best men I know are employers of scores of thousands of wage-earners; others are among their humblest employees. Of them all, without regard to their jobs, I find the biggest hankering is the longing for greater certainty of themselves and

their individual worth to other people. All of them, whether grouped as "capital" or "labor," seem to share with all the rest of us that prayer which morning and evening was in the heart of Job:

> Oh that I knew where I might find him! that I might come even to his seat. I would order my cause before him, and fill my mouth with arguments. I would know the words which he would answer me, and understand what he would say unto me. Will he plead against me with his great power? No; but he would put strength in me!

Not one of us but knows that his longed-for strength and certainty of the Establisher of All Values cannot be enjoyed unless somehow we can find where it means most to us—*within ourselves.*

What every worker knows is *that in all the cracks and crannies of our body, mind, and soul, no spot in all the universe is half so fitting for His tabernacle as that part of us which, if anywhere at all, makes us indispensable to others, namely, our jobs!*

That being my finding among the workers everywhere in all levels of modern society without respect to wealth or poverty, I don't see how the minister, or any one else who wants to help, can join with one of these groups to fight against the other. But I do see and know that both of these groups need and long for the help of all of us—and especially of our ministers and churches—before they can believe what I find them striving with all their hearts daily

to believe; namely, that it may be truly said of *each* of them to-day as it was said of old times of their forefathers, the artificers and workmasters:

All these put their trust in their hands,
And each becometh wise in his own work;
Yea, though they be not sought for in the council of the people,
Nor be exalted in the assembly;
Though they sit not on the seat of the judge,
Nor understand the covenant of judgment;
Though they declare not instruction and judgment,
And be not found among them that utter dark sayings;
Yet without these shall not a city be inhabited,
Nor shall men sojourn or walk up and down therein.
For these maintain the fabric of the world,
And in the handiwork of their craft is their prayer.

REPRESENTATION IN INDUSTRY

JOHN D. ROCKEFELLER, JR.

An Instrument in Promoting the Welfare of Mankind

John D. Rockefeller, Jr., has devoted his life to carrying forward his father's benevolent plans. Graduated from Brown University in 1897, soon became his father's chief assistant and counselor in philanthropy; so that much of his time has been spent in studying the various projects calculated to realize his father's hope, expressed in the charter of the Rockefeller Foundation: "to promote the welfare of mankind in all parts of the world."

Mr. Rockefeller, Jr., up to June, 1926, has given nearly $50,000,000 to public benevolence, extending or supplementing work already supported by his father. Upon the Bureau of Social Hygiene he has bestowed $2,000,000, to carry on research work for the purpose of improving public health in certain fields. He contributed $1,500,000 toward the Inter-Church World Movement and $500,000 toward completing the Cathedral of St. John the Divine in New York City. At an expenditure of $2,360,000 he built, furnished, and is carrying on the work of International House, on Riverside Drive, in which hundreds of Columbia University students from all parts of the world live and work together in amity as one great family.

Mr. Rockefeller has also given $3,500,000 to the New York Public Library, $2,500,000 to the Hampton Tuskegee Institute for Negroes, $1,000,000 toward the restoration of the cathedral of Rheims and the gardens of Versailles, and 4,000,000 yen ($1,540,000) toward restoring the Imperial University of Tokyo, Japan. He gave, in 1923, $21,000,000 to found and maintain the International Education Board, which will advance research and education, especially in promoting agricultural science and practice throughout the world.

He has invested several millions of dollars in the construction of community housing, whereby small wage-earners can live in clean, hygienic apartments, and raise their families in decent, pleasant homes that will help the children to grow up strong, good citizens.

REPRESENTATION IN INDUSTRY

John D. Rockefeller, Jr.

In the days when kings and queens reigned over their subjects, the gratification of the desires of those in high places was regarded as of supreme moment; but in these days the selfish pursuit of personal ends at the expense of the group can and will no longer be tolerated.

Men are rapidly coming to see that human life is of infinitely greater value than material wealth; that the health, happiness, and well-being of the individual, however humble, is not to be sacrificed to the selfish aggrandizement of the more fortunate or more powerful.

Modern thought is placing less emphasis on material considerations. It is recognizing that the basis of national progress, whether industrial or social, is the health, efficiency, and spiritual development of the people.

Never was there a more profound belief in human life than to-day. Whether men work with brain or brawn, they are human beings, and are much alike in their cravings, their aspirations, their hatreds, and their capacity for suffering and for enjoyment.

The soundest industrial policy is that which has

constantly in mind the welfare of employees as well as the making of profits, and which, when human considerations demand it, subordinates profits to welfare. Industrial relations are essentially human relations.

It is therefore the duty of every one intrusted with industrial leadership to do all in his power to improve the conditions under which men work and live.

The day has passed when the conceptions of industry as chiefly a revenue-producing process can be maintained. To cling to such a conception is only to arouse antagonisms and to court trouble.

In the light of the present, every thoughtful man must concede that the purpose of industry is quite as much the advancement of social well-being as the accumulation of wealth. It remains none the less true, however, that to be successful, industry must not only serve the community and the workers adequately, but must also realize a just return on capital invested.

The parties to industry are four in number; they are capital, management, labor, and the community.

Capital is represented by the stockholders and is usually regarded as embracing management.

Management is, however, an entirely separate and distinct party to industry: its function is essentially administrative; it comprises the executive officers, who bring to industry technical skill and managerial experience.

Labor consists of the employees.

Labor, like capital, is an investor in industry; but labor's contributions, unlike that of capital, is not detachable from the one who makes it, since it is in the nature of physical effort and is a part of the worker's strength and life.

Here the list usually ends. The fourth party, namely, the community, whose interest is vital, and in the last analysis controlling, is too often ignored.

The community's right to representation in the control of industry and in the shaping of industrial policies is similar to that of the other parties. Were it not for the community's contribution, in maintaining law and order, in providing agencies of transportation and communication, in furnishing systems of money and credit and in rendering other services, —all involving continuous outlays,—the operations of capital, management, and labor would be enormously hampered, if not rendered well nigh impossible.

The community, furthermore, is the consumer of the product of industry, and the money which it pays for the product reimburses capital for its advances and ultimately provides the wages, salaries, and profits that are distributed among the other parties.

It is frequently maintained that the parties to industry must necessarily be hostile and antagonistic. I am convinced that the opposite is true; that they

are not enemies but partners; and that they have a common interest.

Moreover, success cannot be brought about through the assumption by any one party of a position of dominance and arbitrary control; rather it is dependent upon the coöperation of all four. Partnership, not enmity, is the watchword.

If coöperation between the parties to industry is sound business and good social economics, why is antagonism sometimes found in its stead? The answer is revealed in a survey of the development of industry.

In the early days of industry, the functions of capital and management were not infrequently combined in the one individual, who was the employer. He in turn was in constant touch with his employees. Together they formed a vital part of the community. Personal relations were frequent, and mutual confidence existed. When differences arose they were quickly adjusted.

As industry developed, aggregations of capital were required larger than a single individual could provide. In answer to this demand, the corporation, with its many stockholders, was evolved. Countless workers took the place of the handful of employees of earlier days. Plants scattered all over the country superseded the single plant in a given community.

Obviously this development rendered impossible the personal relations which had existed in industry, and lessened the spirit of common interest and under-

standing. Thus the door was opened to suspicion and distrust, enmity crept in, antagonisms developed. The parties to industry came to view each other as enemies instead of as friends and partners, and to think of their interests as antagonistic rather than common.

The sense of isolation and detachment from the accomplishments of industry, which too often comes to the workers of to-day, can be overcome only by contact with the other contributing parties. Where such contact is not possible directly, it must be brought about indirectly through representation. In this way only can common purpose be kept alive, individual interests safeguarded, and the general welfare promoted.

The question which now confronts the student of industrial problems is how to reëstablish personal relations and coöperation in spite of changed conditions. The answer is not doubtful or questionable, but absolutely clear and unmistakable: it is through adequate representation of the four parties in the councils of industry.

Various methods of representation in industry have been developed, conspicuous among them are those of labor-unions and employers' associations.

Labor-unions have secured for labor in general many advantages in hours, wages, and standards of working conditions. A large proportion of the workers of the country, however, are outside of these

organizations and, unless somehow represented, are not in a position to bargain collectively. Therefore representation of labor to be adequate must be more comprehensive and all-inclusive than anything thus far attained through its unions.

Representation on the employers' side has been developed through the establishment of trade associations, the purpose of which is to discuss matters of common interest and to act, in so far as is legally permissible and to the common advantage, along lines that are generally similar. But here also representation is inadequate. Many employers do not belong to employers' associations.

A plan of representation which a number of American industries have adopted aims to overcome these difficulties. The plan begins with the election of representatives in a single plant, and is capable of indefinite development to meet the complex needs of any industry and of wide extension so as to include all industries. Equally applicable in industries where union or non-union labor or both are employed, it seeks to provide full and fair representation to labor, capital, and management, taking cognizance of the community.

Thus far it has developed a spirit of coöperation and good will which commends it to both employer and employee.

The outstanding features of this plan of industrial representation are as follows:

Representatives chosen by the employees, in pro-

portion to their number, from their fellow-workers in each plant form the basis of the plan.

Joint committees, composed of equal numbers of employees or their representatives and of officers of the company, are found in each plant or district.

These committees deal with all matters pertaining to employment and working and living conditions, including questions of coöperation and conciliation, safety and accident, sanitation, health and housing, recreation and education.

Joint conferences of representatives of employees and officers of the company are held in the various districts several times each year.

There is also an annual joint conference, at which reports from all districts are received and considered.

Another important feature of the plan is an officer known as the president's industrial representative, whose duty it is to visit the plants currently and confer with the employees' representatives, as well as to be available always for conference at the request of the representatives.

Thus the employees, through their representatives chosen from among themselves, are in constant touch and conference with the management and representatives of the stockholders in regard to matters pertaining to their common interest.

A further feature of the plan is what may be termed the employees' bill of rights. This covers such matters as the right to caution and suspension before discharge, except for such serious offenses as

are posted; the right to hold meetings at appropriate places outside of working hours; the right without discrimination to membership or non-membership in any society, fraternity, or union; and the right of appeal.

The employee's right of appeal is a third outstanding feature of the plan. Any employee with a grievance, real or imaginary, may go with it at once to his representatives.

The representatives not infrequently find there is no ground for the grievance and are able so to convince the employee.

But if a grievance does exist, or dissatisfaction on the part of the employee continues, the matter is carried to the local boss, foreman, or superintendent, with whom in the majority of cases it is amicably and satisfactorily settled.

Further appeal is open to the aggrieved employee, either in person or through his representatives, to the higher officers and to the president.

If satisfaction is not to be had from the company, the court of last appeal may be the Industrial Commission of the State, the State Labor Board, or a committee of arbitration.

The plan has proved an effective means of enlisting the interest of all parties to industry, or reproducing the contacts of earlier days between employer and employee, of banishing misunderstandings, distrust, and enmity, and of securing coöperation and the spirit of brotherhood.

Under its operation, the participants in industry are being convinced of the soundness of the proposition that they are fundamentally friends and not enemies, that their interests are common, not opposed. Moreover, prosperity, good will, and happiness are resulting. Based as the plan is upon principles of justice to all, its success can be counted on so long as it is carried out in a spirit of sincerity and fair play.

Here, then, would seem to be a method of providing representation which is just, which is effective, which is applicable to all employees whether organized or unorganized, to all employers whether in associations or not, which does not compete or interfere with existing organizations or associations, and which, while developed in a single industrial corporation as a unit, may be expanded to include all corporations in the same industry and ultimately all industries.

If this theory of the human relations between employer and employee is sound, might not the four parties to industry subscribe to an industrial creed somewhat as follows?

(1) I believe that labor and capital are partners, not enemies; that their interests are common, not opposed; and that neither can attain the fullest measure of prosperity at the expense of the other, but only in association with the other.

(2) I believe that the community is an essential

party to industry and that it should have adequate representation with the other parties.

(3) I believe that the purpose of industry is quite as much to advance social well-being as material prosperity; that, in the pursuit of that purpose, the interests of the community should be carefully considered, the well-being of employees fully guarded, management adequately recognized, and capital justly compensated, and that failure in any of these particulars means loss to all four parties.

(4) I believe that every man is entitled to an opportunity to earn a living, to fair wages, to reasonable hours of work and proper working conditions, to a decent home, to the opportunity to play, to learn, to worship, and to love, as well as to toil, and that the responsibility rests as heavily upon industry as upon government or society to see that these conditions and opportunities prevail.

(5) I believe that diligence, initiative, and efficiency, wherever found, should be encouraged and adequately rewarded, and that indolence, indifference, and restriction of production should be discountenanced.

(6) I believe that the provision of adequate means of uncovering grievances, and

promptly adjusting them, is of fundamental importance to the successful conduct of industry.

(7) I believe that the most potent measure in bringing about industrial harmony and prosperity is adequate representation of the parties in interest; that existing forms of representation should be carefully studied and availed of in so far as they may be found to have merit and are adaptable to conditions peculiar to the various industries.

(8) I believe that the most effective structure of representation is that which is built from the bottom up, which includes all employees, which starts with the election of representatives and the formation of joint committees in each industrial plant, proceeds to the formation of joint district councils and annual joint conferences in a single industrial corporation, and admits of extension to all corporations in the same industry, as well as to all industries in a community, in a nation, and in the various nations.

(9) I believe that the application of right principles never fails to effect right relations; that "the letter killeth but the spirit giveth life"; that forms are wholly secondary, while attitude and spirit are all-important; and that only as the parties in industry are

animated by the spirit of fair play, justice to all, and brotherhood will any plan which they may mutually work out succeed.

(10) I believe that that man renders the greatest social services who so coöperates in the organization of industry as to afford to the largest number of men the greatest opportunity for self-development and the enjoyment of those benefits which their united efforts add to the wealth of civilization.

THE PSYCHOLOGY OF EMPLOYERS

SAMUEL A. LEWISOHN

President American Management Association

Mr. Lewisohn's activities have taken him into many fields—mining, banking, civic and educational work, and writing on economic and industrial subjects.

He was educated in Columbia Grammar School, Princeton University, and Columbia Law School.

Mr. Lewisohn is a member of the firm of Adolph Lewisohn and Sons, director of the Bank of America, and vice-president and director in several large mining companies.

He is greatly interested in better housing and is on the board of the City and Suburban Homes Co.; he is director of the Morris Plan Co. of New York, and chairman of the board of the American Management Association. He was a member of the Economic Advisory Committee of the President's Conference on Unemployment called in September, 1921.

Mr. Lewisohn's name is on almost every board of industrial relations, and the material in his article is based on as broad an experience in dealing with his fellow-citizens as it is possible for one man to have.

THE PSYCHOLOGY OF EMPLOYERS[1]

SAM A. LEWISOHN

There has been much discussion of the mental hygiene of industry,—the discussion invariably dealing with the problem of the mental hygiene of employees,—but nothing has been said about the mental hygiene of employers.

I am reminded of an episode which occurred at a meeting of a society for mental hygiene. One of the speakers, a judge of the children's court, stressed the necessity of mental hygiene among children. Whereupon the presiding officer, a physician, suggested that the judge had omitted an important aspect of the matter and that was the necessity of studying the mental hygiene of many of the judges.

As the employer is the most influential person in industry, it is well for all interested in the future organization of our industrial structure to remember that the executive temperament is seriously to be taken into consideration in the development of a better administration of industrial activities. If the formula of reorganization is incompatible with execu-

[1] The author takes this opportunity to express his thanks to E. P. Dutton & Company, publishers of his forthcoming book, *The New Leadership in Industry*, for permission to excerpt some of the material of that book for the present chapter.

tive traits, production will be seriously impeded. A great deal of the industrial thought of the future should, therefore, be devoted to the psychology of employers and of leadership. For securing adequate leadership is vital under any system. In the existing situation, these leaders are the employers and those who are on the road to becoming employers.

If the principal factor in industrial harmony is the leadership of the employer, we come to the question: Who are these employers? The average person is likely to reply at once, "The capitalists."

The different groups concerned in the operation of a large enterprise are, first, the banking group, representing the capital interested, and second, the major executives of the company, who report to the directors representing this financial interest. An important group is the local production executives, usually called resident managers, who report to the major executives in charge of the production department. Under the resident managers, there are plant superintendents and shop foremen.

Production executives are indispensable under any system and will always be with us. The leaders upon whose ability and enthusiasm successful operation depends are the production executives. Any improvement hoped for in the administration of industrial activities must take into account all these individuals.

The question of leadership frequently raised is: Who gives the cues that motivate our executives?

One group of persons, not familiar with the way business is actually conducted, have a romantic theory that the reactions of industrial executives are in response to those who give them their bread and butter —the capitalists. There is an idea current in some quarters that action toward labor is controlled by such a definite capitalistic attitude that when an executive acts he does so as a sort of economic automaton instead of as an individual.

There is unquestionably a great deal of exaggeration in this idea. The people who entertain this theory have a vision that Wall Street makes decisions on all questions. The corollary is that if Wall Street should suddenly change its views, the executives of the plants in the country would at once change theirs. The notion makes it appear that the obstacle to better labor relations is solely that of a small oligarchy. If that were true, our problem would be much simpler. It would involve solely changing the character of the control of industry, and not changing the traditions, attitudes, and personalities of production executives.

That the idea that the banking group controls labor policies is a great over-simplification may be illustrated by the following example. There is an important banking house that is interested in the Baltimore and Ohio Railroad. It is also interested in the Union Pacific Railroad. Both are important railroad systems. It would seem that the influence of this banking house should be similar in both rail-

roads. But the railroads have radically different labor policies. The B. & O. Railroad has introduced a significant experiment in working out coöperation in the shops between union committees and managers, while the Union Pacific has refused to treat with the unions, instituting an elaborate plan of employee representation in its place. Bankers are more interested in results than in theories.

As far as production and employment policies are concerned, modern financiers, in most cases, leave the matter entirely in the hands of the major executives in whom they have confidence. There are, of course, exceptions, in which the bankers have displayed a direct interest, sometimes in a reactionary way, sometimes in a liberal one.

In turn, the major executives are likely to leave wide discretion to the local production manager, not only as to technical matters, but also as to the particular methods to be adopted in relation to the personnel, including the rank and file of the workingmen. Though there are exceptions, this sort of decentralization is the tendency of the times. It is from the resident manager that the entire atmosphere and spirit that exist at a plant spring. He sounds the note for the others to follow. If he is reactionary, a liberal labor policy is impossible. Even if he has the will but lacks courage, initiative, or social ingenuity, a policy of experimenting with newer labor methods will not be carried through.

The surest evidence, however, that the psychologi-

cal attitude of the managers is important is this: if the group in financial control or the major executives are more enlightened than the local executives, they are likely to have a real uphill job in winning over the lesser officials to their way of thinking. An interesting example of this kind is the difficulty Mr. Arthur Nash had in converting his executives to the conclusion that his workers should join the Amalgamated Clothing Workers. A report on the matter states that some of the executive staff and the foremen resented the fact that the head of the firm had reached a decision opposed to their own.

> For two days and nights they went about among the workers, haranguing against the union, challenging Mr. Nash's wisdom. It was not until noon of December 10, at a great mass-meeting of all the thousands of employees gathered in the Shubert Theater, in Cincinnati, that Mr. Nash was able by the most impassioned personal appeal to win a majority, including the leaders of the opposition—among them two vice-presidents—to support his request that the working out of a plan be left to him and President Sidney Hillman of the Amalgamated. . . . Those three days, December 8, 9, 10, were tense with excitement. The workers were confused, many of them struck dumb, by the open division between the foremen and manufacturing executives and Mr. Nash.[2]

The cases in which a reactionary labor policy is forced upon production managers are not by any

[2] Robert W. Bruere, "Golden Rule Nash," in the *Nation*, January 6, 1926, p. 10.

means so frequent under our modern structure as is generally supposed. The neglect of financiers to promote certain desirable policies by fiat is due to a reluctance to interfere that is based on the sound administrative principle of the delegation of responsibility. It is also due to the fact that they are specialists in financial matters and do not feel competent to handle personnel problems.

Sometimes resident managers are influenced by the attitude of other managers of the same rank in the same district, and there may even be an attempt by such a group to force a conservative policy upon more liberally minded managers. This attitude cannot be ascribed to capitalistic consciousness, but is inspired by the type of administrative positions occupied by the individuals. The same reaction may be observed among officials in a non-capitalistic activity. It may be due to a difference in interests between the executive and the working groups, because each happens to have a different status in the organization. The executives resent the challenge to their authority. It applies just as much to such non-capitalists as school superintendents or government officials as it does to the capitalists.

The attitude of the executives may be explained in large measure by the natural autocracy of leadership. This trait is not to be attributed to capitalism.

There is the germ of autocracy in every leader, from the college president to a labor-union leader.

The theory that consultation of one's subordinates is best for all concerned is a modern conception, and is a by-product of our modern democratic belief that it is best for getting results and for the self-development of those to be led. At present the wise leader who understands the advantages of consulting subordinates is exceptional.

Of course, the ordinary impatience of executives with interference is complicated in the industrial field by certain manifestations that might be considered as a product of capitalism. But much of their reluctance to share authority is easy to explain on other grounds. One of the advantages of capitalism to an executive is that under its unified, but decentralized, control he can count on the man at the top to back him up in time of stress, or to reward him for good results. The alternative which the executive fears is to have to deal with a group of people with divergent interests, with whom he will have to play politics in order to maintain his position.

In the psychology of the industrial executive, therefore, one must take account of this aversion to anything that has a semblance of politics. It explains also the resistance to unionism which is so strong among executives. *There is usually more prejudice against unionism among resident managers and local superintendents and foremen than there is in the home office among the upper executives and directors, who constitute the capitalists.* The lower

executives bitterly resent this interference with their right to be boss of their domain, which they feel is one of the perquisites of their position.

We must change executive temperament by developing different behavior patterns. We have, to this point, stressed the contention that the attitude of industrial leaders can be explained in part by certain innate psychological characteristics, by a natural arrogance of leadership arising under any system. In addition, there is an acquired attitude that is due to a traditional environment and to obsessions resulting from the industrial relationships of the present system. For it is the conjunction of the two elements, a natural autocracy and an acquired attitude, that explains why the leaders of to-day act as they do.

Though employers come from dissimilar environments and in many respects are affected by dissimilar influences, in one respect they seem to have the same emotional backgrounds. When an issue comes up concerning the labor problem, they do not think; they feel. They may approach other problems in an objective, even a scientific, spirit, but on labor questions they quickly strike an attitude. How differently executives will react to difficulties interposed by physical causes and to difficulties interposed by human situations! [3] In the former case they usually display

[3] Graham Wallas, in discussing the subject of liberty, stresses the point that what we mean by liberty is not freedom from interference with physical causes but freedom from human interference. "Common usage refuses to say that the liberty of a Syrian peasant is equally violated if half of his crops are destroyed by a hail of locusts, half his income is taken by a Turkish tax-gatherer, or half

poise and patience. In the latter they too often give way to a futile exasperation. They are, in most cases, *class-conscious.*

What influences have made the employer class-conscious? The following theory may be true.

History shows that every social and economic system has been subjected to criticism. The capitalist régime, in an era of political freedom, has probably been subject to a more universal and more continuous attack than any other system. Employers have been made to feel that they are the oppressors. Because under this system the leadership is thus constantly under the charge of exploiting its subordinates, inner feelings of uneasiness or guilt, which modern psychologists assert we all possess within our unconscious areas, have been stirred up.

Thus the relations of employers with labor are tinged with an unpleasant emotional state, which makes the whole subject disagreeable to them. And as with many distasteful subjects, there is a tendency to neglect labor relations. This tendency may be compared to the flight from reality that we find in a person who does not want to face a disturbing situation.

The employer reacts in one of several ways. The whole matter may be left to subordinates to handle,

his working hours are taken for road construction by a German or French commander; because human obstruction of our impulses produces in us under certain conditions reactions which are not produced by obstruction due to non-human events." (*Our Social Heritage,* Yale University Press, 1921, p. 160.)

who use archaic methods handed down from generation to generation. The class-conscious spirit in other cases takes on an aggressive form, a hard-boiled, die-hard spirit. Picking off agitators, fighting all attempts at unionization, and other direct methods result, and success is measured by the extent to which these measures keep the labor force submissive. The effect of class-consciousness on still other employers is that they adopt an attitude of benevolent paternalism. To borrow a term from modern psychology, in a sort of evangelical spirit, they over-compensate for their own class-consciousness by a desire to do good to their people. It was in this mood that a good deal of the welfare movement was conducted. Some call it playing Santa Claus to the worker.

Experienced business men know that in business relations a certain amount of imagination is necessary. The ability to see the other man's point of view is what distinguishes the broad negotiator, the big business man, from the small, petty, hard trader. A negotiator who brings this quality to his activities is not called sentimental. We rather admire this quality and point to it as a badge of success. But when it comes to human relations with the rank and file of labor, such a breadth of view is often characterized as soft and sentimental. This view is held not merely by executives of narow imagination, but by others who should know better.

Why should interest in human relations be regarded as a sort of weakness in an executive? Why

should problems of industrial politics not be regarded as of the same business importance as other subjects? A clever trader, financier, or salesman is apt to be invested with a greater prestige than a man who is clever at organizing people. In the business world, the man who can discuss large questions of economics, finance, or investments is regarded with marked respect. The man who has made a study of employment psychology or other labor questions and can discuss such problems ably is regarded at best as no more than an interesting figure.

In the civic world, we hear a good deal about our best citizens neglecting politics. It is true in this country that governmental politics does not sufficiently interest the intellectually and socially influential groups. But it is perhaps even more true that industrial politics, that is, the best methods of organizing people in a plant, has been neglected by strong business groups.

Now, executives and business men desire to be active in those affairs which will give them prestige in the eyes of the community. Like boys at college,—and it must be remembered that active business men are often, emotionally, grown-up boys,—executives like to be prominent in affairs which are generally regarded by their equals as important. Men in active life, as differentiated from philosophers, are disposed to make life a series of games. In fact, in colloquial speech, we hear of men playing the financial game, the publishing game, the law game. Is there any

hope that they will in time learn to play the human-organization game?

The problem is largely that of securing a new emotional orientation toward the subject on the part of our employers and our executives. Instead of boasting of the size of their plants, the quantity of their output, and the amount of their profits, they must be induced to boast of the excellence of their methods of human organization. Their sporting instincts must be diverted in this direction. We must secure competition in good organization. In fact, this is beginning to come about.

Once the problem of organizing human beings has been invested with the prestige that will arise from the awakened interest of major executives, it will seep down through all grades of executives. It is a problem which must be understood by the entire hierarchy of executives. The proper treatment of this subject at professional schools, such as engineering and business colleges, will prove an important element in arousing more interest than has been manifested in this subject.

In the last fifty years we have heard repeated over and over again the cry, "If only labor leaders were better educated!" By the proper education of the workman and of his leaders, much, it has been hoped, would be accomplished. Education, cultural and economic, of the adult workers is excellent and deserves the widest support. It is, however, a slow process, and this movement alone cannot furnish the

means of substantially improving industrial relations in the near future. In bringing about team-work in our industries and the proper adjustment of the individual to his job, it is the employer (and by this I mean the managing executive), not the trade-unionist, that is the important factor. *The education of the employers in employer-employee relations would, therefore, seem to be of at least equal concern with workers' education.* The matter must be attacked through the engineering schools and professional institutions from which executives are recruited, through government research agencies which aid the employer, and through widening the scope and influence of the associations of business executives?

In conclusion, it may well be emphasized that the improvement of industrial relations requires that the problem be seen whole. An attitude by which only the workers are taken into account is better than an utter indifference to the subject. But it is defective and impractical because it does not take into account an equally important factor, the psychology of the executive and the need for developing and adapting him to a better social order.

RESEARCH IN INDUSTRY

A. H. YOUNG

Industrial Relations Counsel

At present Mr. Young directs the activities of the firm of Industrial Relations Counselors, Inc. The organization engages in research along industrial lines, makes surveys of industries and plants and acts as counselors on matters of personnel administration to a number of important industrial corporations.

Mr. Young's first contact with industry was as a boy at the Joliet Works of the Illinois Steel Company. From there, he went to the Minnequa Plant of The Colorado Fuel and Iron Company, and after several years' experience was transferred, in 1905, to the Chicago works of the Illinois Steel Company, where he began as time-keeper. He was afterward chief pay-roll clerk, statistician, assistant supervisor of labor, chief safety inspector and supervisor of labor and safety. In the last position he had charge of all phases of personnel administration.

Mr. Young left the South Chicago works of the Illinois Steel Company to become director of the American Museum of Safety in 1917, and while serving in that capacity was lent to the Government by the trustees of the museum as chief safety expert during the war. He had charge of accident-prevention work in all the arsenals, navy-yards, and other industrial establishments of the Federal Government.

From July 1, 1918, to July 1, 1924, Mr. Young was manager of industrial relations at the International Harvester Company, and as such directed the varied and comprehensive industrial-relations program developed by the company. He was a co-author of the Harvester Industrial Council Plan and responsible for the administration of this significant development in employee representation. He was president of the National Safety Council from 1921 to 1922 and is vice-president of the American Museum of Safety. In 1919 the museum awarded him the Louis Livingstone Seaman medal for conspicuous accomplishment in safety.

In July, 1924, Mr. Young became Industrial Relations Counsel for the law firm of Curtis, Fosdick and Belknap. The Industrial Relations Staff of the firm was reorganized as the Industrial Relations Counselors, Inc. in May of this year (1926).

RESEARCH IN INDUSTRY

A. H. Young

There is no phase of industrial activity which does not lend itself to improvement through scientific research, proceeding as it does by the collection and classification of facts and the development of theories from these facts. Such procedure furnishes a sound basis for action which cannot be attained in any other way.

In general, research may be divided into two groups: pure or fundamental research, and adaptive or applied research. Industry is particularly concerned with the latter type, in which the results of pure research are tested by further experiment for adaptation of the newly discovered fact to existing production methods.

In this article, a line is also drawn between that research which deals with the mechanical or physical side of the industry and that which deals with human relations in industry. Before reviewing the field of research in the physical aspects, it is needful to point out the diversity of groups of people and subjects involved.

Thus we have in America a growing appreciation of a unified scheme of life, involving economic,

political, social, intellectual, and spiritual factors. More specifically, industries on the one hand are concerning themselves increasingly with the well-being of their customers and with the whole environment in which their employees live, while, on the other hand, the church is broadening its activities to include affairs of the working hours of its active and potential members, in addition to affairs of private and public life with which the church has long been concerned by common consent. In this relationship with the church and with other social institutions, industry is not only taking a position of coöperation, but is striving to clean its own house of industrial and social ills.

In the present, as in the past, social and industrial progress is being affected basically by the development of communication. Along with the radio, the airplanes, and the older means of communication and travel, there may be included, among the agencies for communication, the national and international conferences, organizations, and movements which have caused peoples to intermingle as they never did before. The tremendous problems growing out of these larger and more numerous contacts appear to be forcing upon the world a recognition of relationships which heretofore have not been generally accepted.

The electrical industry is one of the most notable examples of a business created and maintained by continuous research. Several companies in this in-

dustry maintain outstanding research organizations. Research in the field of pure science is encouraged and even required. Investigation conducted without immediate results in view has often served as a basis for changes of epochal significance. The story of the application of science to the technical processes of industry would make a Thousand and One Nights' Entertainment of exciting reality. Whole industries have been created by scientific discovery. Others have been revolutionized; still others are making continuous improvements as a result of their research activities.

Langmuir's work on the vacuum-tube, based upon the electron theory of electricity, is an example of this. The uses of the vacuum-tube are many, the best known being in connection with radio operation. The Coolidge X-ray tube is a vacuum-tube which promises to revolutionize the technical practices of chemists and engineers and perhaps the manufacturing methods of steel-makers, as well as those of other producers of metals.

The work of the electrical laboratories, which most immediately concerns the majority of people, results in cheaper and better lighting. The Mazda light was the result of experimentation with tungsten. It is estimated that the discarding of the carbon lamp has reduced in price the light bill of America by two thirds. A unit of light to-day costs five per cent of what it cost in 1880. Aside from the money saving, no estimate can be made of the increase in

production and the decrease in accident rates through improved factory lighting.

It is now possible to send the human voice from continent to continent, to send messages around the world, all in an incredibly short time. Rapid and direct communication, which is doing more to change civilization than any other one thing, is another American research contribution. The story of the beginnings of the telegraph and the telephone is too well known to need repeating. At present, the Bell System through its various subsidiaries is carrying on continual investigation in all fields of communication. More than thirty-five hundred scientists and technicians are occupied in keeping ahead of the world in the art of communication. The instruments, the lines, and the materials are all subjected to study and are constantly being improved.

Two of the outstanding developments which have done much to extend telephone communication are the lead cable and the vacuum-tube repeater. The old method of stringing wires separately overhead materially limited the number which it was possible to use. The present cables, which can carry fifteen hundred pairs of wires, are less than three inches in diameter. The use of these cables in the Bell System has alone resulted in the saving of one hundred million dollars.

Transcontinental telephone service was announced in 1915 as a result of one of the few inventions "made to order." In 1912 the Bell Telephone

Laboratories were told that transcontinental service was to be made possible by January, 1915. No larger wires could be strung. The ordinary transmitters and receivers had to be used. The solution lay in some sort of device, to be inserted at intervals along the line, which would amplify the sound of the voice sufficiently to carry it the entire distance. Three different methods were tried. The vacuum-tube was the one which solved the problem.

Although there are, perhaps, no other industrial research laboratories the products of which affect so large a proportion of the population, there are many which are pointing the way to cheaper processes, the utilization of materials hitherto wasted, and the synthetic manufacture of much needed chemicals, too rare or too expensive to use in their natural state. Over five hundred private companies have their own laboratories and spend approximately twenty-five million dollars in their investigations. It is significant that firms such as E. I. duPont de Nemours & Co.., Swift & Co., Eastman Kodak Company, Westinghouse Electric and Manufacturing Company, and General Motors Company, all among the most successful in their fields, have been active in the support of scientific research.

Industrial research is by no means limited to private companies. There are many firms so small that it is not feasible for them to equip and maintain efficient laboratories even though they may need the products of research. Coöperative research through

the agency of trade associations has solved their difficulty in many instances. A recent report issued by the United States Chamber of Commerce contained an incomplete list of thirty-nine associations which are carrying on various research projects in their own laboratories.

Altogether, it is estimated that there are about six hundred and fifty applied-science laboratories in the United States, with a working personnel of more than thirty thousand and an annual expenditure of approximately two hundred million dollars.

Technical research, by whatever agency it may be conducted, is directed toward improving commercial products by changes in their constituent elements or in the machines used for making them. Within the past fifteen years, the scientific method has come to be employed in the solution of many other industrial problems.

Careful investigation of manufacturing methods has, in many instances, disclosed the need for rearranging departments, planning work, rerouting materials, and keeping records of every kind of procedure. An almost infinite number of instances can be cited in which research along one or more of these lines has resulted in higher productivity, reduction of waste, lowered costs, and increased wages.

An industrial concern has only partially finished its problem when it has learned how to produce something scientifically. There is next the question of selling it. Here again research procedure has

revolutionized methods. Commercial research includes an analysis of sales results and sales methods, market analysis, analysis of advertising results, study of general business conditions and business cycles, determination of sales quota, seeking new uses for a product, general economic problems.

The search for new uses for a given article has proved itself of great value in increasing sales and stabilizing employment. The opening up of foreign markets has served the same purposes.

The business cycle is coming out of its lecture-room, text-book environment to play an active part in the sales and production policy of many companies. Certain firms have found that a statistical correlation exists between their own business curve and that of certain other businesses. In this way, use can be made of business forecasts and indices. One company estimated its sales for the following year within one half of one per cent by this method.

Enough has been said of research into industrial operations, outside of the field of personnel, to indicate the attention which is being paid to it. The most recent research development, however, is directed to a more effective and a more considerate use of the human factors of industry. This is generally known as personnel or industrial relations research. Personalities, like chemicals, explode if not properly associated. Although the knowledge of people's actions is perhaps a century behind that of physical laws, there is already available a vast body

of information in the field of human relations. Scientists in the field of anthropology, psychology, psychiatry, and sociology are studying human nature and contributing to the knowledge of it as never before. Industrialists and others dealing directly with labor and personnel problems are eagerly taking advantage of every new thought which has been demonstrated to have practical value.

The search for truth and for facts has resulted in an intensive study by industry of possibilities and methods for improvement of efficiency, for the creation of wholesome, sanitary, and healthful conditions of work, and for the selection and adjustment of employees to particular jobs under harmonious relations.

Considering the attention paid to development of mechanical labor-saving devices and to machinery, it is tragic that so little has been done with the most complicated and valuable unit of all, the human element. Manufacturers who have taken care that their machines were properly maintained have quite unconsciously permitted deterioration of the human operator through bad light, poor air, long hours, and other inefficient working conditions.

Happily the failures of the past in these respects are now being corrected through scientific research which delves into the physiological and psychological make-up of the employee.

From the beginning of the industrial revolution, the failure of industry to synchronize the physical

and human factors has resulted in countless struggles between employees and employers. Early in the nineteenth century, the humanitarian movement emphasized the wrong of treating employees as machines. Robert Owen and a small group of high-minded manufacturers in England formed the Society for National Regeneration, in 1833. The most definite proposal of this group was that the work-day be shortened to eight hours. The trade-union movement in its long history added other demands covering conditions of employment, wages, health, and safety.

It was not until the twentieth century, however, that any considerable number of employers came to appreciate the fact that it might be economically advantageous as well as just to devise ways of running their establishments which would keep their employees contented and in good health. The more thoughtful and logical industrialists realized that in order to accomplish the desired results they must investigate conditions before instituting changes and check up the results after changes had been made.

Good intentions have proved insufficient. Personnel factors may be isolated just as are production factors, and if the problems arising out of human relations are to be solved, they must be approached in the same scientific manner as are the problems of physical science. This attitude is the basis for personnel research.

Personnel research is variously defined. Dr. Elton

Mayo states that its object "is to see to it that our understanding of the human problems of civilization is at least equal to our understanding of its material problems." Dr. L. L. Thurstone says that it is "the study of scientific methods of man in relation to the trades, arts, and professions. It is concerned with the human as contrasted with the mechanical factors in agriculture, industry, commerce, government, education, and other occupational spheres."

The two sciences which have thrown most light on how to better personnel conditions are, of course, physiology and psychology. There are branches known as industrial medicine and industrial psychology which apply the knowledge of their field to industry. Physiology is called on to determine the physical requirements for various jobs, to observe the effects of hours and working conditions on the health of workers. Psychology, dealing as it does with the laws of the mind and human behavior, can be applied even more generally. Mental tests help in employment; fatigue studies show the effect of methods of work and conditions of work; psychiatry helps in understanding the "temperaments" of workers; and the study of adult human behavior suggests most successful incentive methods.

The first direct contact which the employee makes with any industry is when he comes to apply for work. The old-fashioned method of employment amounted to little more than getting together a

number of applicants for jobs and choosing among them, largely on the basis of looks, then putting them into any jobs which were available. If strength were necessary, there would be some adjustment on that basis. Any other requirement was ignored. The foreman was allowed to decide whether a man "made good" and was usually free to dismiss him on any grounds which, in the foreman's judgment, were good and sufficient. The criteria on which all decisions were made were, scientifically speaking, unreliable, since they were nothing more than opinion.

A developing knowledge of human beings has made clear the fact that individuals are fundamentally different in ways which education can but slightly affect. It is also obvious that jobs are of many kinds, requiring a variety of different qualities in the people who carry them on. Only careful investigation of each job and each person applying makes it possible to find the person for a given task. Experience has shown that it can be accomplished within limits, provided the preliminary research is carefully done.

The exact description of a job in terms of its conditions and requirements is called a job specification and can only be made by painstaking observation and by consultation with men on the job. The process of job analysis may be carried on by the employment department of a given firm, by a research or planning department, or by specialists who are called in for the purpose. These specialists may be management engineers, industrial-relations counselors, or

psychologists. The chief difference in job specifications, apart from the amount of detail which is included, lies in the description of mental qualifications. The psychologists express these qualities largely in terms of response to certain mental tests, while the others suggest the general qualities needed, such as accuracy, patience, application, neatness, etc., and depend on the observation of the members of the employment department to determine whether or not an applicant fulfils the mental requirements.

An outstanding example of job analysis is that done by the International Harvester Company. Each of the several hundred jobs in the various plants has been subjected to minute study by department heads, foremen, and members of the personnel department. Printed job specification cards set forth the job name, the duties, and the necessary and desirable qualifications. New employees are assigned to work and transfers and promotions are made on the basis of these specifications.

The work of psychologists in finding mental tests which can be used to choose the applicants who will succeed at given jobs is one of the most interesting of all the applications of science to industry, although it is still in the experimental stage and has its distinct limitations. So-called moral qualities cannot be determined, and tests can only be worked out for jobs at which a number of people are employed under similar conditions, at work which can be measured as to performance. A job analysis having

been made, the psychologist knows what the necessary qualifications for a specified job are; tests are then chosen which it is hoped will differentiate the good from the poor worker; these tests are given to workers whose performance on the job is known. If success in the tests has a high correlation with success on the job, the tests are ready to use on applicants. The new worker's records are watched to check finally the value of the tests.

This procedure has been found of great value in firms of many different kinds and has been applied to a great variety of occupations. Dr. Henry C. Link has applied mental tests to inspectors, assemblers, machine operators, office clerks, stenographers, computing-machine operators, time-study men, draftsmen, tool-makers, and tool-makers' apprentices in a plant manufacturing shells and firearms.

The Milwaukee Electric Railroad and Light Company retained a consulting psychologist from 1920 through 1922, and from 1922 to the present time it has employed a staff psychologist to continue the development of tests for motormen. Although tests have been worked out which seem to differentiate between good and poor motormen, there has been some difficulty in checking them, because the accident record is the only criterion with which to correlate success and failure in the tests. The records of new men, employed on the basis of the tests, are being kept and will serve as a check.

Several large department stores have psychologists

as members of their regular staffs, and tests are being worked out and applied for various kinds of work.

Native aptitude, as determined by psychological tests or observation, is by no means the only necessary requirement for success at a given job. The physical demands, as indicated by the job analyses, must also be taken into account, and here medical science is called upon in order to determine what the necessary requirements are and to indicate what physical failings the applicant must not have. Bad lungs, a bad heart, and flat feet, all are dangerous in certain occupations and quite harmless in others; it is the medical examiner's duty to study the jobs and allocate workers accordingly.

Very few firms apply the research method to the wage system, even where they recognize its value in other respects. The going rate, with adjustments to suit particular conditions, is usually considered the standard, and generally raises are given when necessary. A notable exception to this is the newly worked-out method of the Philadelphia Rapid Transit Company. A committee chosen under this plan, after investigating wage-payment methods for more than a year, decided that the cost of living should be the determining factor in wage changes. The normal rates for all jobs are set by committees and vary with length of service and degree of responsibility. Monthly data on the cost of specified articles are to be obtained, and adjustments are to be made yearly

on the basis of changes. Provision for more frequent change is made if the purchasing power of the dollar varies ten points or more from the original index over a period of three months. This system is in the nature of an experiment, since it has only been in operation a short time.

Another type of wage payment which attempts to reward effort on a scientific basis is that which varies with the employee's output. Wage increases on the basis of the cost of living are predicated on the theory that employees have a right to a certain standard of living; increases on the basis of output are predicated on the theory that if employees increase their product without an increased overhead they are adding to the profits of the firm and have a right to a share in what they make.

The value of using carefully worked-out methods of employment and wage payment is lost unless an equal amount of thought is expended on finding out whether employees are "making good." The measurement of the production of each worker as carried on in many factories serves as one check. Absentee records, if kept as to cause, and accident records are also indicative of the value of an employee. A record for each employee, giving the above facts, serves as a basis for promotion or dismissal and is far more accurate than dependence on the word of some one person.

The failure of employees may be due to conditions which are outside their control. It is im-

portant for industrial concerns of all kinds to check up the conduct of their business to determine whether or not conditions are such as to hinder the work which is going on there. Absentee records may reveal the fact that there is an undue amount of sickness in certain departments, and a further check will show the reason. Accident records tell whether or not unguarded machines or bad light are taking toll. A high turnover in normal times usually shows something wrong either in employment methods, in the wage level, in the supervising personnel, or in the methods of certain departments. A continuing survey is necessary.

The hours of work in a plant are seldom set scientifically, although such experiment as has been made seems to indicate that research can show the length of day during which the output is largest without excessive effort and in which accidents are at a minimum. The effect of shortening the day in certain industries is quite different from what it is in others. Where the machine sets the pace, shortening the hours cuts down production, although even here, loss through accidents and spoiled materials and the lowered vitality of the workers offsets the gain in output on a long-hour schedule. As to other occupations, Dr. P. S. Florence, who has investigated the subject extensively both in England and America, summarizes his conclusions as follows: "Reduction from a 12-hour to a 10-hour basis results in increased daily output; further reduction to an 8-hour

basis results in at least maintaining this increased daily output; further reduction below 8 hours, while increasing the hourly rate of output seems to decrease the total daily output." Overtime has the same effect as long hours.

The health of workers is a practical concern of industry because poor health brings with it absenteeism, accidents, and wastage, and finally increases turnover, all of which affect production unfavorably. In maintaining the working force in good health, preventive measures are conceded to be best, although remedial measures are by no means neglected. Certain industries, such as mining and chemical manufacturing, carry special health hazards. The distribution of light and air are important factors in health. The methods of work and hours of work may be such as to increase or lessen fatigue. It is the function of research to analyze the situation in various kinds of industry and in specific plans and to apply scientific knowledge to solving health problems.

Fatigue results from various causes; in fact, from any combination of circumstances which hastens the destructive processes of the body to such an extent that the process of recovery cannot keep up with them. Waste products fill the blood-stream faster that they can be eliminated. Fatigue may either be local, in one set of muscles, or general. Medicine and psychology have both made fatigue a subject of research, and certain tentative conclusions have been reached. These conclusions have been applied to in-

dustry in various ways. The curve of accidents has been charted to show that accident incidence is greater as fatigue increases, late in the day. Rest periods have been introduced at intervals which have proved suitable for various kinds of work and have served to lessen fatigue and increase production. In some cases, more than half the working day is spent in resting, and yet production is increased. Occasionally men and women on piece-work object to taking rest periods because they cannot believe that they will not lose by it. Output has invariably gone up even when this spirit of opposition existed.

In the spinning department of a textile mill, turnover was reduced and production increased by giving four rest periods daily. The turnover in the rest of the mill had been running at 5 or 6 per cent while in the spinning-room it was 250 per cent. Most of the workers were suffering from foot-trouble, and many complained of neuritis. There were occasional outbursts of irritability. After some experiment, a system was worked out by which four rest periods of ten minutes each were given. During this time, the men lay down. The response was immediate: the spinners began to earn a bonus for the first time, absenteeism dropped, and in the twelve months of the investigation there was no turnover at all except where men left town or were ill.

Consideration for the mental health of workers is only in its beginning. The experiments of Dr. Mayo indicate a close relationship between the output of

the worker and his state of mind. Fatigue, he says, induces pessimistic reverie, and the mental disorder which may grow from it is "the most fertile cause of industrial and social unrest."

The use of seats of proper height and shape has served to lessen fatigue and has corrected the posture at work. Various improvements in methods of work have resulted in an increased production with decreased effort.

In certain industries the lighting is very important. One textile firm reported that when it installed a modern lighting system in its looping department, production increased 4 per cent. In this same department, with the old lighting methods, one half of the girls who were taken on for training left before their training period was up; after the installation of the new lights, nine out of ten stayed on the job. In other firms, accidents have been lessened and waste from spoiled articles has been cut down. The benefits in relief from eye-strain from such changes is indeterminable but is undoubtedly very great.

The safety movement is one of the outstanding industrial developments of this century. The first step toward control of accidents is taken when they are recorded by cause, severity, and nature of injury as well as by occupation of injured employee. This is the simplest sort of research but is often ignored. This record when carefully kept shows just how to go about making necessary changes; it also shows how great the loss is to the factory; and finally it indi-

cates whether accidents are being checked by the methods adopted for that purpose. As a rule such records are maintained and interpreted by single plants, although state labor departments which administer workmen's compensation acts keep and publish records of compensable accidents. There are several instances in which national or local trade associations compile the records of their members.

Personnel research of the kind which has been discussed in the previous pages receives a great deal of impetus from work done in certain universities. The Industrial Research Department of the University of Pennsylvania has perhaps taken the lead in coöperating with employers in this direction. Working with the Philadelphia Industrial Association, several continuing studies have been made. The first of these was on labor turnover. The Division of Coöperative Research of Carnegie Institute of Technology, while carrying on its work somewhat differently, has worked with many firms on personnel problems. Johns Hopkins University has indicated its readiness to coöperate with Baltimore employers. Courses in employment psychology and personnel administration are given in most large universities, and the professors and graduate students have directed a number of personnel studies in coöperating companies.

Various investigations of a general nature have been put out by certain organizations. These at-

tempt to check the results of the operation of various plans, such as profit-sharing and stock purchase. They are as a rule little more than summaries of existing practice.

There are other organizations which serve as clearing-houses for information concerning personnel procedure and experience. The American Management Association, the Taylor Society, the National Industrial Conference Board, the Policy Service Bureau of the Metropolitan Life Insurance Company, and the Personnel Research Federation are among this number. The last named organization, as its name indicates, is a federation of research organizations. It publishes the *Journal of Personnel Research* in which original investigations in the field of personnel appear. The *Annals of the American Academy of Political and Social Science* contain personnel studies from time to time. Several federal departments, chief among which is the Bureau of Labor Statistics, also publish considerable personnel information.

No complete list of industrial companies doing personnel research is available; the following are some of the outstanding examples; American Rolling Mills, Middletown, Ohio; Atlantic Refining Company, Philadelphia; Consolidated Gas Company, New York; Consolidated Gas, Electric Light and Power Company of Baltimore; Samuel Insul Properties; Lord & Taylor and R. H. Macy & Co., New

York; Pennsylvania Railroad System; Philadelphia Rapid Transit Company, Philadelphia; Walworth Manufacturing Company, Boston.

The chief accomplishment of personnel research is the demonstration that a very real problem exists and an indication of the general lines along which further study should proceed. There is a general impression among progressive employers that nothing in personnel procedure is settled. There is an increasing tendency toward open-mindedness and search for underlying truths. In so far as industry is able to discover these truths through research and experience, it is contributing not only to the process of physical production, but also to an enhancement of the spiritual values which are, after all, the only enduring things of life.

WHAT THE MINISTER CAN DO WITH LABOR

ALBERT F. COYLE

Editor, Locomotive Engineers' Journal

Mr. Coyle is internationally known as the editor of the largest labor magazine in America, the *Brotherhood of Locomotive Engineers' Journal*, and executive secretary of the All-American Coöperative Commission, a national clearing-house for information regarding all kinds of coöperative enterprises. He is also editor of the Weekly Coöperative News Service.

After preparing himself for the law at Stanford University, Mr. Coyle pursued graduate studies in political science, sociology, and religion at Yale University, supplemented by first-hand observation of political and industrial problems in Europe. He is the author of *Evidence on Conditions in Ireland* and of frequent monographs and magazine articles on industrial and economic problems and the coöperative movement, international relations, and economic conditions in Russia, where he remained on duty as the last American relief worker following the revolution.

Mr. Coyle has not confined himself to theories but is the founder and director of several important coöperative enterprises.

Mr. Coyle is well known in public forums throughout the country for his trenchant discussions of coöperation, world peace, and labor problems.

WHAT THE MINISTER CAN DO WITH LABOR

Albert F. Coyle

I have been asked to write on what the minister can do *for* labor. I am tempted to reply: not half so much as labor can do for the minister and his church. For to-day the church is on trial. As Dr. John McDowell has well said, "If the church is to be a vital factor in modern life, it must Christianize industry; it must make clear the fact that it has a mission in an industrial age, and it must prosecute that mission with untiring energy and unflinching earnestness."

Frankly, I am not interested in discussing what the minister can do *for* labor, but rather what he can do *with* labor. The clergyman who patronizes labor will find himself shunned by all self-respecting workingmen, while he who coöperates *with* labor can achieve tremendous things for the kingdom of God.

All the tomes of theology cannot save the church if it fails to conquer the spirit of materialism that dominates our industrial civilization. For modern industry is frankly pagan. Its chief criterion of success is making money. It is not concerned with human values except as they contribute to material-

istic gains. To be sure, many of the men who manage industry are of high character. Personally they may not want to place profits above human welfare, but corporately they must meet the ruthless competition of the most selfish and unscrupulous employer. The minister who in this day and age is content to save a few individual souls here and there while this pagan industrial system is wrecking and ruining human lives by the tens of thousands is not a worthy ambassador of the Master Carpenter who came to put immortal hope into the hearts of the masses that are weary and heavy-laden. The time has gone by—if it ever existed—when the Good Samaritan can do his full Christian duty by picking up the pieces of human wreckage along the highway of life. The minister or layman who takes his religion seriously to-day cannot be content until he has cleared the highway of the thieves who inflict such wrongs on his helpless fellow-men, even when the respectable members of his own church are found to be sharing in the loot.

There is only one way the minister can ever Christianize industry, and that is by Christianizing the men engaged in industry. And since 98 per cent of the men in industry are workers and only 2 per cent are employers, the minister must, if he is not to fail in his mission, win the multitude of ordinary working people to a personal allegiance to Jesus Christ. This is no easy task. It is immeasurably more difficult to-day than it was a generation ago, because the warm

spiritual impulses of millions of workers have been ruthlessly crushed by the industrial Moloch. They have become dehumanized cogs in a soulless industrial machine. In fact, in the industries where labor is unorganized, these human cogs do not get nearly the consideration given cogs of steel; they are not tended and cared for and housed as are the purely mechanical parts of the machine, since their depreciation is not charged up against corporate profits, and when worn out they can be junked without requiring a new corporate investment; merely society as a whole suffers that loss.

The harsh fact is that the great mass of city workers to-day are outside of the church and indifferent to its influence. (I am not speaking of the worker in the small community, who is seldom the victim of bitter industrial exploitation. Nor am I referring to the foreign-born workers, who are turning away by thousands from the only church they have ever known, the church that has shaped the lives of their ancestors for generations.) Let me quote the reply given by one of the most distinguished labor leaders America has ever produced, who was reared in a native-born Protestant 100 per cent American family, when I asked his opinion as to what labor thinks of the church:

> Labor does not think very much of the church because the church does not think much of labor. Always in any trouble between labor and capital, the influence of the

churches has largely been on the side of capital, and this is easily explained when you realize that they depend on capital for their support.

Before the minister can do anything *with* labor, both parties have to understand each other. The average worker does not understand the lofty ideals of the church, any more than the average clergyman understands the worthy purposes of organized labor. The minister who tries to coöperate with labor will find in the mind of the unchurched industrial worker a conception of the church that runs about as follows:

The church exists for the well clothed and the well fed, and not for the man in overalls.

Why should the worker be interested in the church, since the church is not interested in labor?

If you don't believe the churches exist for the business men and employers, look at their boards of trustees—bankers and Rotarians and chamber-of-commerce magnates and corporation lawyers, but nobody on them who sweats for his daily bread.

Don't tell me the churches believe in brotherhood; there's more real brotherhood in my union in one week than in the average church in a year.

Labor doesn't owe anything to the church, for the church has never stood up to help labor get a decent wage or the eight-hour day or anything else where a real scrap was involved with the Big Boys who pay the preacher's salary.

These are not imaginary quotations. They are what reputable labor leaders have told me regarding

their opinion of the church. When I reminded the last critic that the Interchurch report in the steel strike had been of inestimable value to labor in compelling improved working conditions in that industry, he replied, "Yes, but that's an exception; that man McConnell who made that report seems to be a square fellow, but they'll run him out of the church yet if he doesn't keep his mouth shut."

A labor executive who has a keenly logical mind replied that after visiting a number of big city churches he concluded that "the ministers have nothing for the workers." "I have divided the preachers up into four classes," he continued. "Some simply do not understand the workers; they try to reach them, but haven't the humility and human sympathy to do so. Then there are the indifferent ministers, who preach fine sermons and hold up high ideals, without any sincere concern for the people who never eat chicken for Sunday dinner. Then there's the patronizing preacher, who always makes me sick at the stomach; and the fourth kind is the preacher openly hostile to labor-unions who associates with the big-business class."

Now, possibly all of these labor leaders are entirely wrong in their criticism of the church; and again, perhaps they are partly right. In any event, these men, and millions more like them, cannot be reached by the church until this gulf of misunderstanding is bridged. And because of the suspicions that have been engendered, the churchmen will have to carry

most of the planks for the bridge-building. But that fact should never daunt a sincere follower of the Great Physician. He deliberately sought out the men who most needed His ministrations, no matter where they were. He even told His disciples to go out into the highways and byways and *compel* them to come in.

One of my favorite pictures in Europe is not found in National Gallery or Ryks Museum; it hangs in the humble parish-house of City Road Chapel, in London, where John and Charles Wesley preached, and depicts the man who saved England preaching to a great throng of begrimed coal-miners at the gaping mouth of the mine-pit. The great evangels of salvation, from Amos and Hosea to Savonarola, Wyclif, Wesley, Whitefield, and Jerry McCauley, have not waited for men to come to them and hear them preach. They have gone wherever needy souls could be reached with the message of salvation, and have pursued them through rebuffs and misunderstandings and personal hardships with an unquenchable love that would not let go. The hungry human soul is quick to respond to that kind of love. The common people will still come to hear that kind of minister gladly. And somehow they are uncannily able to detect and spurn the counterfeit article.

There is only one way to get working-men into your church, and that is to convince them, not by words but by deeds, that you are profoundly con-

cerned about their temporal and spiritual welfare. And of the two, interest in their temporal welfare must come first, for even the Master Teacher fed the multitude before He urged it to accept spiritual salvation.

Is the minister really willing to work with labor? Does he really seek fellowship with those who toil, as did the Carpenter of Galilee? Is he willing to have as his closest companions such working-men as Jesus chose to go with him as his most intimate friends—three or four fishermen, a farm laborer, and one who had lost his job because of his radical political opinions? Dr. Albert W. Palmer is right when he says that a year in a factory would be good training for every preacher.

Know the working-man first-hand at close range. Give him as close a place as did the Master in your church and home life. See that he is on your official board, that he speaks to your people on Labor Sunday or other services, that he puts his feet under your dinner-table as often as does the influential employer. Have a red-blooded minister appointed as fraternal delegate to your central labor-union. (You will be surprised how readily such a proffer will be accepted.) Get the workers' point of view by reading one or two good labor papers, for you can never learn their needs and aspirations from the daily press or the *Literary Digest*. Unless you are ready to do these things, don't pretend that you want to work *with* labor.

The minister who does not feel his blood run hot when respectable business men deny their employees a decent living wage is temperamentally unfit to work with labor. "They that love the Lord hate evil," even when it is groomed in linen and broadcloth. The supreme tragedy of our modern religious life is the church's slowness to recognize and espouse the cause of those who suffer burdens too grievous to be borne. Only the minister with a passion for social justice has a message that workers will listen to. For how can a clergyman be sincere in his appeal to labor unless he wants the humblest industrial worker to enjoy as great an abundance of life as he wants for himself and his own family, and will fight to see that he gets it?

It is not enough to have a social creed which you dust off and read to the congregation once a year. Put it to work. Send it walking about the busy city streets in shoe-leather. The only social creed worth having is one that impels you to consecrate yourself to the service of the unprivileged and exploited members of society, even as did He who sought out the lost sheep of the house of Israel.

An amazing discovery awaits many ministers who wonder why workers never crowd into their pews. They do not know that the fundamental ideals of every labor organization are identical with the three great truths on which Christ founded His church: the universal brotherhood of men, the supremacy of service as the main motive of life, and the match-

less worth of human personality. Call them divine or human, these are the very principles that every labor-union is striving to achieve in the rough every-day world of brick and steel where men toil to win bread and butter for their families. The church must either confess and practise these ideals or else disown its Founder!

What a challenge this identity of purpose between labor and the church presents to the minister who wants to reach the masses of labor! How tragically few workers ever suspect that the church has anything in common with them and their problems! Think for a moment of the tremendous possibilities for human progress if organized religion were to come out openly and assert its intent to unite with labor in the realization of human brotherhood. That would mean a joint campaign to eliminate the social injustice which now makes brotherhood impossible. It would mean the banishment of the strife, the selfishness, the greed which now characterize an unbrotherly and autocratic industrial system.

Or suppose that the church joined with labor to make a practical application of the Master's teaching that human personality is the supreme value in this life and hereafter. That would mean a united effort to safeguard and ennoble human life by demanding a living wage for all producers, preventing child labor, protecting women in industry, and abolishing brutalizingly long hours of labor. Twelve million people in this country live in a state of

chronic poverty. The labor-union, not the church, is fighting for them in the front rank, with the church nowhere in sight. But if the church really takes its Christ seriously, why should n't this multitude of impoverished humanity call upon the church to help the unions secure for it an equitable share of the wealth its toil creates?

Or let the minister who wants to work *with* labor enlist it in the common cause of establishing the law of service, instead of greed for money-making as the mainspring of our industrial life. The Judean working-man who declared that the greatest man is he who serves his fellows most unselfishly would be blacklisted as a communist agitator in our big open-shop factories. Yet our industrial civilization will never become Christianized, nay, it will inevitably stifle and prostitute the religion now preached in our churches, unless service to humanity supplants profits squeezed from humanity as the chief motive of our economic life.

Dare the church be Christian? Dare it line up with labor in opposing the whole profit-taking industrial system? To do so will cut right to the purse-core of practically every wealthy supporter of the church. And yet there is no other road to a Christian industrial order. This means the socialization of some of our most powerful trusts. It means substituting co-operation for capitalism throughout commerce and industry. It means a moral revolution in our social

and religious thinking, even to the abandonment of the dollar-sign as the criterion of personal success.

When the church makes these dynamic social ideals of Jesus a first charge on its conscience, it will not longer need to worry about what it can do *with* labor. It will find the workers eager to come into the fold and help achieve the common goal.

The minister who wants to realize the great Christian precepts shared by labor will have to imbue the theological seminaries with a new passion for the social gospel. Only thus can such ideals impregnate the church of to-morrow. I recently had cause to make a study of the number of great theological seminaries which are equipping their students with an intelligent understanding of the critical problems faced by the worker in our pagan industrial system. The number can be counted on about half the fingers of one hand.

Finally, the minister who would work with labor to realize these Christian ideals will need a vast supply of courage. He may have to pay the price paid by the Master for his stand. For men will prosecute him and revile him and say all manner of evil against him falsely. Even his own self-complacent fellows may brand him as a Bolshevik—the modern method of crucifying the prophet who preaches the word of God with the bark on it.

It is going to take the stanchest devotion for you to put these dynamic social ideals into practice, but

you will not gain the allegiance of the working-men; and you do not deserve it, unless you will pay that price.

I should like to see labor working with the church and the church working with labor, for I believe that each has something valuable to contribute to the other. Labor can keep the aims of the church practical and useful, just as the church can give the labor movement a spiritual impulse which it too often lacks. But there is only one way to attract the workers into the church, and that is for the church to rediscover the sort of gospel preached by its Founder, and apply His teachings, cost what it may.

When the ministers of to-day learn to become again like the great Master Carpenter of Nazareth, labor and the church will no longer be divided. They will be found in the same pathway of service, striving together to build up the kingdom of God on earth.

WORKING WITH LABOR IN THE ELECTRICAL INDUSTRY

LOUIS KOSSUTH COMSTOCK

Electrical Engineer

Louis Kossuth Comstock is an electrical engineer by profession. For many years, as head of the L. K. Comstock Co., he has been occupied with numerous and important electrical installations in various parts of the United States, having been one of the pioneers in this industry. For a long time he has been interested in the labor problem and was the leading spirit in the difficult matter of organizing, in 1920, the Council on Industrial Relations for the Electrical Construction Industry. He has been chairman of this body since its inception. In 1926 he suggested the possibility and desirability of using index-numbers, particularly those of commodity prices, as a logical basis for fixing the wages of labor. He has been chairman of the Arbitration Court of the New York Building Congress since its organization in 1922. During the war he served as a member of the War Industries Board. He has occupied many other public and semi-public positions.

He is a director of the Merchants Association of New York, and a national councillor of the United States Chamber of Commerce.

WORKING WITH LABOR IN THE ELECTRICAL INDUSTRY

L. K. Comstock

Modern society, with here and there a gleam of intelligence, is seeking some sort of an adjustment between capital and labor, between employer and employed. The age-old attitude of each toward the other has been antagonism, according to some. I think it more correct to speak of the attitude of the employer as one of exploitation, conscious or unconscious, and of the attitude of the employed as the dull antagonism of despair and defenselessness.

Capital's slogan might well be:

> Some for the glories of this world; and some
> Sigh for the Prophet's Paradise to come;
> Ah, take the Cash, and let the Credit go,
> Nor heed the rumble of a distant Drum.

And labor's condition of mind might correspond to Ecclesiastes, 2, 11;

> Then I looked on all the works that my hands had wrought, and on the labor that I had labored to do; and behold, all was vanity and vexation of spirit, and there was no profit under the sun.

The two points of view here set forth are as wide apart as the astronomical theories of Ptolemæus and Kepler, and yet the world is beginning to feel that its industrial well-being is somewhat dependent on narrowing the divergence between them.

It is always well in discussing a problem of great complexity to endeavor to state the problem. A problem well stated is a problem half solved. In the beginning let us set down a few axioms:

(1) Industrial society to-day is extremely complex and highly organized.
(2) The interdependence of individuals and of peoples throughout the world in securing the goods desired has become increasingly close.
(3) The demand for greater production is becoming universal.
(4) The productive units of society have become massed in order to meet the ever increasing demands of society itself.
(5) There is a high degree of specialization and standardization of the materials, processes, and agents of production.
(6) The present industrial order is a highly commercialized one.
(7) The present industrial order is a highly competitive one.
(8) The present industrial order is a highly capitalized one.
(9) Absentee ownership and control of industry has grown with the ever expanding and in-

creasingly complex system of conducting industry.

(10) The lack of proprietary interest among the masses of workers is a matter of the greatest significance.

(11) There is a notable division of the active parties in industry into the two great groups of employers and employed.

The foregoing eleven axioms represent in a rough way the outstanding features of our present-day industrial society. We may find fault with our industrial society, the development of which makes these axioms possible, but we cannot dodge the responsibility which rests upon us for oiling the wheels of this industrial machine upon which the present generation, and perhaps many still to come, must depend. We must make the best endeavor possible to scrape off the barnacles of traditional methods of thought respecting the employment of labor and to see clearly, to think with imagination, and to so order our ways as to afford each member of the industrial organism the maximum of life according to his ability for assimilation. Exploitation of labor must be abandoned because it is uneconomical. Soldiering on the job must be abandoned because it is uneconomical. Craftsmanship in its best sense must be the goal for the laboring man because through it he makes his largest contribution to the general productivity of the industrial scheme.

It ought not to be necessary to prove that willing

and sympathetic coöperation between employer and employee will make a contribution toward lessening the complexity referred to in our first axiom. But if proof be required, one need only to remember that every encounter between employer and employee results either in increased labor turnover or dissatisfaction of the employed or both, and both results add complexity.

The second axiom of interdependence calls for close coöperation, because interdependence becomes a shadow if coöperation is absent.

The third axiom, the demand for greater production, requires close and still closer coöperation if the demand is to be satisfied. The same is even more true of the fourth.

Specialization, the subject of the fifth axiom, is of the very essence of coöperation because the work of many is required for a single unit of production.

The demand for coöperation between capital and labor, as a conclusion from the sixth and seventh axioms, may not be quite so obvious unless we are willing to grant that the present highly commercialized and competitive industrial order is desirable and will continue.

The eighth axiom, referring to a highly capitalized industrial order, implies conservation of capital, and conservation of capital implies coöperation with labor.

The ninth and tenth axioms, negative in form, seem to imply a more or less complete absence of coöperation.

The eleventh axiom brings us to the real meat of the discussion: the marked division of the active parties in industry.

It is a fair conclusion from these axioms, representing as they do the state of the industrial order, that the key to the solution lies in willing and sympathetic coöperation. Is there an open-sesame to coöperation? To the clear-sighted there is. Its achievement lies in the future.

The worker demands economic independence, a constantly rising standard of living. Through centuries of struggle he has come to perceive his economic value, a value enhanced or at least more clearly perceived through collective action. The employer resists the worker's demand. Through centuries of struggle, from the building of the medieval towns to the modern evolution of the industrial order, the employer has come to look upon industrial processes as his own peculiar domain. Both employer and employee, in their opposite points of view, have been developing naturally, though perhaps unconsciously, toward an evolution in industry which will more and more depend, through sheer economic necessity, upon a more intelligent interdependence, an interdependence which will increasingly amount to a sympathetic coöperation. Emotionalism applied to the solution of labor problems accomplishes little. Clear perception of the trend of modern currents of thought concerning the ever-increasing economic pressure on the individual must guide the struggle between capital

and labor and must surely point the way from a struggle for group advantage to the more intelligent struggle for industrial coöperation. Capital is hoarded labor, and labor is capital. Capital competes with capital and labor with labor, and the result is severe economic pressure. But when capital competes with labor, and labor with capital, the economic pressure increases to the bursting-point.

Substitute coöperation for competition, and a decrease in economic pressure follows.

The signs multiply that the competition of capital with capital is decreasing. Observe the consolidations of banks in recent years, the consolidations of industrial enterprises and public utilities, and the impending consolidations of railroads. The signs also multiply that the competition of labor with labor is decreasing. Observe the beginnings of a hostile attitude on the part of organized labor toward jurisdictional disputes. Hand in hand with these signs of decreased competition within the domains of capital and of labor, there has sprung up a competition of labor with capital in the realm of banking insurance. In proportion as this competition becomes effective it ought to have good results, because it will have a tendency to curb radicalism in labor and to cultivate a better understanding on the part of labor of the problems involved in conserving capital—another expression for stored-up reserve labor.

The road to any general change of front in the economic world is beset with the greatest difficul-

ties, because men's minds, taken in the mass, are lethargic and prone to look upon changes as revolution rather than evolution. There are many faint of heart in all societies, and these are easily discouraged when the object of their desire seems a long way off or when their cherished dreams seem dissipated and lost in fog or brain-fag. But things have a way of going on and on regardless of the individual. Years ago Carlyle wrote, "This that they call the organization of labor is the universal vital problem of the world."

How can employers and employees be brought to see that reasoning processes in the settlement of disputes are more advantageous to all concerned than fisticuffs, broken heads, indictments, and jails, to say nothing of loss of production, profits, and wages? The caveman knew no law except the law of the bludgeon, but the caveman and his law of force have about disappeared or are at least disappearing. Thirty years ago the union leader was a good deal of a caveman, and so was the employer, but the employer usually had some statute laws behind him, whereas the union man was working out his salvation true to human form by the use of force because statute law enacted for his protection was not yet. Throughout history the enactment of law has meant the crystallization of the common thought of the day, and whenever statute law runs ahead of or counter to the common thought, a painful human experience results, as, for instance, the prohibition law; and whenever statute law lags behind the common thought, an

equally painful experience results, as, for instance, the child-labor law.

And so I look upon the labor movement in the large as a protest or revolt against a social order growing more and more archaic. With the growth day by day, little by little, of the idea of democracy, must go the enlargement of labor's sphere of activity, the increase in society's respect for manual labor, and the growth of the knowledge which the laboring man must have to fit himself for his new position and responsibilities.

The problems involved in the employment of labor are not static, but dynamic. The art of coöperation is not a static, but a dynamic, art. If the efforts now making for increasing the coöperation between employer and employee are destined to meet with success, then we are in the midst of evolution, we are evolving a new industrial order.

As a contribution to this evolution of industrial coöperation, I consider the Council on Industrial Relations for the Electrical Construction Industry.

This council, set up by the joint action of employers and employees, operating but little more than five years, has succeeded in producing a strikeless industry, an industry without an organized strike or lockout from ocean to ocean. Such an event deserves more than passing attention. The employers and employees who have set up this council are both of them national organizations; more correctly speaking, international, because Canada is included. The

very idea of the council was at first strongly opposed by large and influential groups in both organizations; it aroused much antagonism and was fiercely debated, because it was misunderstood in some quarters, suspected of ulterior designs in others, and regarded as a pipe-dream by many hard-headed wiseacres who believed that the antagonism of labor toward capital was as fixed as the laws of the Medes and Persians and as natural and recurring a phenomenon as the tides of the sea.

But happily this age-old attitude toward anything new has softened with the lapse of time; misunderstanding has been followed by understanding, suspicion has faded away, and faith is beginning to take its place—the hard-headed are gradually becoming open-minded; and the council, with a record of achievement behind it, has gained a definite and honorable place in the ranks of the electrical construction industry.

Those who first set up the ideal of the council strongly believed in the inherent honesty of purpose of the rank and file of employer and employee, but above all they were powerfully impressed by the wisdom—aye, the necessity—of coöperation—of organized coöperation.

Individualistic tendencies must at times be curbed or brought under direction. They saw no reason why disputes could not be argued out in the open with all the cards on the table, even though the points of view might be as wide apart as the poles. They un-

derstood the fact that the bases of the solution of any problem or dispute lie first in the statement of a case, mutually acceptable; then in a definition of terms; and then in a narrowing down of the divergence of the points of view. They did not believe in meeting assertion with assertion and calling it an argument—to be followed with ultimatums and then with super-ultimatums; this kind of negotiation they were ready to relegate to the scrap-heap.

In this frame of mind, a Declaration of Principles was formulated. These principles were formulated by a duly authorized committee of ten, five employers and five employees. In due time the principles were adopted by the two international organizations; thereupon they were adopted as the underlying law of the council:

> Mediation—the settlement of disputes by reason instead of fighting—is the function with which the Council is generally and closely associated. The prime interest of the Council, however, is not mediation but the discovery and removal of the causes of disputes which call for mediation. Causes are discovered by a study of effects, by research and diagnosis, and for that reason the Council has placed itself at the service of the industry as mediator. By rendering this service the Council promotes its own ends, for mediation affords it an opportunity to deal with realities, and add to its fund of factual knowledge.
>
> Broadly speaking, the Council's purpose is to substitute harmony for strife in the industry. Mediation serves that

purpose. The machinery created by the Council for mediation makes necessary the discussion of their differences by local groups of employers and employees. In the great majority of cases such discussion produces adjustments.

Before the Council was ready to function mentally and physically, it was necessary for its members to be in substantial agreement on fundamentals. The Council, after many deliberations, sitting as a joint committee, and at other times in groups of two, or three, or four, had arrived at an agreement on the following fundamental ideas:

(1) Strikes and lockouts are undesirable from every point of view.

(2) No dispute can arise between employer and employee which cannot be settled in friendly negotiation, by conciliation or by arbitration, provided the parties to the dispute have the will honestly to try one or more of these methods.

(3) The industry cannot fail to thrive on coöperation between employer and employee, and will surely languish if such coöperation is absent.

(4) Coöperation resulting in mutual good will is the key to increased production and better craftsmanship.

(5) The road to the highest efficiency of the individual working unit lies through the field of frank cooperation and fair-dealing.

(6) Local union leadership must be greatly improved.

(7) The mere display of power is the last thing in the world that insures the success of an association, an organization, or an industry.

(8) Labor-unions, and associations dealing with them,

must stop thinking so much about organization and think very much more about the essentials of the cause of the working-man.

(9) Labor-unions and associations dealing with them must declare their purpose to bring about three things:
   (a) Good working conditions.
   (b) Good wages.
   (c) The highest possible standard of craftsmanship.

(10) Labor-unions and associations dealing with them must plan their campaigns wholly on the basis of the service they are each capable of rendering.

(11) If a labor-union or an association is to make itself desirable and indispensable and cherished for all time, the way to do it is to forget itself in the widest possible service of its cause.

To answer caviling criticism, and to state more clearly the essence of the Council idea, the following statements of what the Council is and what the Council is not are set down in opposition:

It is not an organization possessed of mandatory powers.

It is an agency for promoting harmony, good will, and coöperation.

It is not an organization for unionizing employees where unions do not exist.

It is an agency for the peaceful settlement of industrial disputes.

It is not an organization for the establishment of a national wage.

It is an agency for promoting the unification of the fundamentals of labor agreements.

It is not an organization seeking power in order to dominate.

It is an agency for the promotion of the common welfare by the elimination of strife.

It is not an organization for the primary purpose of settling disputes.

It is an agency for removing the cause of dispute.

It is not an organization for protecting the rights and immunities of labor-unions; it is not an organization for protecting the rights and privileges of employers.

It is an organization which designs to do justice between employer and employee, to foster a spirit of good will, to build an industry whose right hand is direction and whose left hand is execution, where each hand knows the mind that directs the other and hence both are in perfect tune and accord.

When the council sat for the first time as a court, it heard a wage case from Detroit. The union had been receiving $8 a day and was asking for $10, a request denied by the employer. Fruitless negotiations followed, and an organized strike was close at hand. The council was new; it had never settled a wage dispute. Both sides were prevailed upon to submit their dispute to the council; first trying, unsuccessfully, the method of conciliation. The dispute concerned wages alone, uncomplicated with trading demands concerning conditions of employment. Having given much study to the application of index-numbers to wage adjustment, the council determined to settle the dispute by that method.

The average wholesale price index-number for the year 1914 is 100.

The average wholesale price index-number for the 12 months from December 1, 1919, to December 1, 1920 (the November, 1920, index-number being the last available), is 248.333.

The ratio between these two, an increase of 148.333 per cent indicates the increase in the cost of living over that in 1914 and gives the correct ratio between the wages paid in 1914 and the wages that should be paid to-day.

The average wage for journeymen electricians in the four cities mentioned for the year 1914 was, as already stated, $4.56.

It would seem proper to increase the whole wage in the ratio established by the index-numbers, but the Council recognizes the obligation which now rests upon every citizen regardless of his economic or social status to share the burden of the national debt by making sacrifices wherever possible.

In its Research Report No. 30 of December, 1920, the National Industrial Conference Board publishes a budget for the skilled workman's family, in which the expenditures are apportioned 79.6 per cent to the cost of subsistence and 20.4 per cent to "other purposes."

It would be unjust and oppressive to reduce the allowance made for the imperative necessities of life. The sacrifice must be made therefore in the allowance for satisfying the worker's other requirements. The Council therefore carries the 20.4 per cent of the budget apportioned to the satisfaction of the worker's needs other than imperative necessities into the present wage as a constant expressed in

dollars. In other words, only that part of the wage apportioned to meet the cost of imperative necessities has been increased in the ratio fixed by the index-numbers.

Thus the Council establishes a wage of $9.94 for journeymen electricians as a fair wage in its relation to the present cost of living, the latter as fixed by the wholesale price index-numbers.

In the interest of simplifying the make-up of pay-rolls the Council increases the $9.94 to $10.00.

The index-number method of adjustment has been used many times since by the council and probably will continue to be used. But experience teaches that this method must be used with great caution in the electrical industry or in any of the industries forming the industrial group known as the building trades. If there were a council functioning for the building trades as a whole, extraordinary caution in the use of index-numbers for the adjustment of wages would not be necessary. Extra care in their use becomes necessary when they are used in only one or two of about thirty trades composing the building trades. High wages in one trade in the building trades powerfully affects others in the minds of all concerned; therefore, if those high wages, though perhaps fully justified, have been fixed by unscientific consideration, they will powerfully affect the adjustment of wages in another trade, in ways that greatly disturb a normal use of index-numbers. The council has recognized this fact in the Hamilton decision:

It is also shown that the wage scales prevailing in the building trades in Hamilton for other crafts range from 85 cents to $1.12½ per hour. The Council believes it to be economically wrong to fix wages for electricians at the lowest point in any particular locality, because the lowest paid trades have uniformly shown stagnation in growth, due to the unattractiveness of the monetary return.

And in the Baltimore decision:

After carefully reviewing the briefs in the case and the various conditions leading up to this dispute, the Council deems it essentially fair to give some consideration to similar conditions which obtain in other comparable centers. The Council also has considered to what extent, if at all, wages of skilled electricians should as a matter of economic policy be lower than the wages of other skilled mechanics, other conditions being similar, or lower than the average for electricians in cities where practically similar conditions prevail.

And in the Terre Haute decision:

The Council is of the opinion, however, that it would be an economic fallacy to fix the wages for electricians at the lowest notch in any particular locality, because the lowest paid trade in the building industry has uniformly tended toward stagnation in growth, due to the unattractiveness of the monetary return as compared with other callings. The lowest-paid trade tends toward disintegration, because the best mechanics seek other kinds of work.

In the process of studying the briefs and oral testimony submitted to the council in a number of cases

with particular reference to the causes of cessation of work, whether by strike or lockout, the council has concluded that trade agreements carrying specific dates of expiration are the most common cause for wage disputes and consequently cessation of work, and, conversely, continuing agreements tend to eliminate interruptions of work.

It has therefore recommended in a number of decisions a form of agreement which has no termination except by service of notice by one party to the agreement on the other of a desire to terminate. This notice must be served twelve months in advance of the date for termination. This plan has been found to work very well for all concerned, because it gives ample time for changes of mind and for reconciliation.

The council is often faced with the question: What is a fair wage? In the present state of the public mind, it may not be possible to answer this question in a very satisfactory or intelligent way. The council does not know. The employer may think he knows, but does not. The employee may think he knows, but does not. If statistical conditions permitted one to compare the wages in the bricklayers' or carpenters' trade in 1825 with the corresponding wages in 1925 by means of the commodity price index-number, it is probable that the 1925 wage would be found capable of buying more of the goods consumed by the laboring-man than the 1825 wage. And yet this discrepancy attracts little or no attention.

But when the 1925 wage is compared with the 1914 wage by means of the index-number, it attracts more than ordinary attention, because it is found that the 1925 wage buys more than 40 per cent more goods than the 1914 wage. Notwithstanding this fact, there seems to be everywhere a certain degree of equanimity about it; it seems to be taken for granted that wages are rather satisfactory despite the fact that the real as distinguished from the monetary wage is much higher now than in 1914. How else can this be accounted for except by the tacit and inarticulate admission on the part of the employing public that the present high real wages of labor represent the share labor is receiving in the recent vast increase of national wealth, to the accumulation of which labor has powerfully contributed? Sharing in the increased national wealth by labor is not a predetermined act, but it is one of those economic phenomena which have been vaguely observable since the industrial system came into being after the Napoleonic Wars, helped along, to be sure, by the rise of labor-unions.

The council is now at work endeavoring to produce a formula for wage adjustment by index-numbers which will take this fact into consideration. One of the hampering obstructions is the difficulty of securing the necessary reliable data properly compensated by the changing dollar value.

All decisions of the council when sitting as a court require a unanimous vote. To some this seems surprising. The question has often been asked: What

do you do when you cannot get a unanimous vote? Up to date this question is academic; we have never yet failed to get a unanimous vote. When and if we fail, our only recourse is to publish the facts with the reasons for our failure.

No account of the council would be fair nor would it do justice to the subject without a word of high praise for the spirit and the mental attitude with which the ten members have approached their tasks, and a few words of the highest commendation for the lofty detachment with which the members, without any surrender of principle, have viewed the questions brought before them for consideration.

A COÖPERATIVE INDUSTRIAL EXPERIMENT

H. S. DENNISON

PRESIDENT AND DIRECTOR
THE DENNISON MANUFACTURING CO.

Mr. Dennison was graduated from Harvard University with the degree of A. B. in 1899.

In addition to the management of his business, Mr. Dennison has given an enormous amount of service to civic, state, and national affairs. He is a trustee of Antioch College, Yellow Springs, Ohio; was director of the Service Relations Division of the Post-Office Department at Washington; is an ex-president of the Taylor Society, New York; and director of the American Management Association, New York. He was a member of President Wilson's first Industrial Conference, in 1921, and assistant director of the Division of Planning and Statistics of the Shipping Board, and of the War Trade and Industries Board during the World War.

He is co-author of "Profit Sharing."

A COÖPERATIVE INDUSTRIAL EXPERIMENT

HENRY DENNISON

The Dennison Manufacturing Company, in common with many others in the United States, had its inception in a small household industry. To this household industry was brought the mechanical genius of two men, the merchandising ability of another, and the thrifty spirit first of a good Yankee family and, later, of a good Yankee community.

The basis of the original business was the making of paper boxes for jewelers' use. Then it developed that there were other items constantly used in the jewelers' trade, such as cards for the mounting of jewelry and small tags for marking jewelry, all of which also could be made from paper and with comparatively little difficulty.

The small jewelers' tag suggested the making of marking devices for other purposes, and from these, various other types of tags finally came. In 1863 E. W. Dennison hit upon the idea of adding a paper patch to strengthen the hole through which the tag string passes, and with this idea the shipping-tag business really began.

The original enterprise went through the usual financial struggle experienced by those who pioneer with little or no capital. With the patent granted upon the shipping-tag described above, however, the business began to develop and prosper.

The company was incorporated in 1878; there were but a few stockholders, virtually all of whom had grown up with the business and with Mr. Dennison. As time went on, Mr. Dennison made it possible for a number of his so-called leading men to become stockholders, either by giving them stock outright or by allowing them to purchase it on easy terms. These stockholders were all active in the business and formed a small but happy family.

At the beginning of the present century, however, a considerable proportion of these holdings had become scattered, large blocks passing into the hands of persons not employed by the company. There were, in fact, about two hundred stockholders altogether, although the largest holdings were in the hands of eight people. These eight people were sometimes in accord and sometimes not, and, unfortunately, were geographically so scattered as to make a real integration of ideas impossible in any case.

Out of this experience, and out of a philosophy of management which will be outlined briefly below, the conviction grew that the success and perpetuation of the company could best be insured if the leading men

and women employed in the business might actually control it and share in the profits.

Within an industry every one does some managing. The elevator man is managing in some degree when he makes the stops at the proper floors in the proper way. The chief executive does a great deal of managing in the process of making any major decision. The range of managing is virtually from zero to 100 per cent, with no one exactly at either the lower or the upper limit.

The job of managing may itself be broken down in terms of the analysis that follows:

Understanding

(a) Observing

(Watching the operation, supervising, including the selection of what to observe and the method of recording, mental or physical)

(b) Evaluating

(Interpreting the observed facts; relating them to other facts and to policies; determining their relative significance)

Devising

(c) Conceiving

(Imaging possibilities—goals)

(d) Analyzing

(Analyzing goals and possibilities and relating observed and evaluated facts thereto)

(e) Contriving

(Determining methods, means, incentives, operatives)

Persuading

(f) Teaching

(Establishing the necessary understandings of goals, means, methods, and incentives)

(g) Inducing

(Inspiring—"instructing the desires"; the emotional partner to teaching)

The process called coördination is composed of parts of e, f, and g.

Complaints, disclosed faults, are results of (a); (b) is their acceptance and appreciation; (c) "proposes" their correction.

Since managing is compounded of the elements just shown, and is inherent to some degree in a wide range of activities, two fundamental questions are: Who shall choose the managers? and then in turn, Who shall choose the choosers? The Dennison answer to the one is, a resident board of directors: to the other, that only management can select the directors.

It is not merely that abstract reasoning points in that direction; experience hints strongly that efforts to get out from under the artificial system of investors' control will be persistent and ingenious. An inside group frequently forms itself and controls the control, focusing stockholders' votes by one means or another. Only for financial purposes, not for good operation, is a concern considered effective if fully

controlled by absentee investors and run by hired men. But because of our ingrained custom of measuring success by the money that is made, some concerns are thought of as successful merely when flotations have been successfully based upon them, though as operating organizations they may reek to heaven. For real success in productive effort we all believe in the old style of firm whose members had their time and their money tied up in its fate. And investors and others of the financial men, when trouble is in sight, seek for him who can get into the game all over, who will both manage and control, who will be management hired by management.

In 1911 the Dennison Manufacturing Company was reorganized on the fundamentals just set forth; a coördinated plan has been worked out to make these fundamentals operative.

Most of the men and women who sell and make Dennison goods are like partners in the business, partners sharing in both management and profits. The control of the company is wholly in the hands of those who are daily connected with its interests: those who are only investors have no voice in its affairs. Its financial structure is modified from the traditional form in recognition of the practical facts of ownership and investment; for stockholders not directly connected with a business seldom are interested in its management so long as dividends are paid. As dividends are a matter of principal importance to them, they tend to pick financial men

who, not being expert in production management or marketing methods, tend to leave the managers alone as long as dividends are forthcoming. The following table shows the corporation's structure:

Class of Stockholders	*Nature of Group*	*Stock*
First Preferred	Investors only	Non-voting; transferable
Second preferred	Investors only	Non-voting; transferable
Managerial Industrial Partners	Employees of five years' service or over, whose work is of a managerial nature	Possesses sole voting power; non-transferable
Employee Industrial Partners	Employees of three years' service or over and of all ranks not in managerial group	Non-voting; non-transferable

Distribution to the partners is made not in cash but in non-transferable stock. This stock pays a varying rate of dividend, whatever is warranted by the condition of the business each year. When a partner of either group leaves the company, his stock is exchanged for second preferred, a non-voting, fixed dividend, transferable stock.

The managerial partners are relatively few in number and are actively engaged in the business. Only employees who have had five years' service and who hold positions of a managerial nature are eligible for membership in this group.

The directors of the company are elected by the

managerial partners. Voting for directors is by unsigned ballots. The directors are all Dennison men, and each one has a definite, full-time, managerial responsibility. At present, there are six directors, constituting, as it were, the executive committee of the managerial partners.

Two restrictions are placed on the otherwise complete authority of the managerial partners:

(1) If, over a period of years, the partners fail in their responsibility to produce preferred dividends to the full amount, control reverts to the first preferred stockholders.

(2) Any managerial partner who does not consistently maintain managerial grade as determined by a yearly check-up of himself and his job, through job-study and committee advice, may be dropped from the managerial group.

The industrial partnership plan has never been and never was meant to be *primarily* a profit-sharing plan. It is first a management-sharing plan.

The foregoing discussion has pointed out that the sole voting control of the business is in the hands of the managerial industrial partners. It has also been stated that the managerial partners elect the directors each year. The theory back of this phase of management sharing is that absentee control is entirely to be avoided. The directors are the executive committee of the controlling partners, and all are active citizens of the industry. The managerial part-

ners constitute the audience to whom the directors are always openly accountable. These partners may either concur in or question the actions of the directors. The votes of any particular year can indicate pretty conclusively the reaction of the partners and afford an early hint of an adverse rating of individual directors. As an extreme measure an entirely new board of directors might be elected. It is probable, however, that if such a condition is ever reached, the business will have been in such shape that the control will have reverted to the holders of the first preferred stock as provided for in the agreement.

Coupled with this direct control, profit-sharing for the managerial group does constitute a real incentive for extraordinary effort. The success with which the organization has weathered the extremes of prosperity and depression since the plan was put into operation has lifted it out of the realm of pure conjecture and established its practical usefulness.

Management sharing and profit-sharing at first affected only the relatively small managerial group; and even as late as 1919 the part to be played by the non-managerial employees was quite undetermined. An increased opportunity for the non-managerial employees to share in the management of the business, and an actual participation in the profits arising from such coöperation, have, however, now been in force for approximately seven years.

But while it would seem that profit-sharing and management-sharing plans should apply both to the

managerial staff and to the manual workers, it by no means follows that these plans can be made to apply to both groups in exactly the same form.

In 1919 the works committee was established as part of the organization structure of the Dennison Manufacturing Company. The part played by the employees themselves in bringing about their complete share in the partnership constitutes one of the most significant chapters in the history of the company. They not only built the structure of the works committee, but later, through the works committee, laid out the plan for employee profit-sharing.

In its development, management has become functionalized; and staff experts of one kind or another have been added to aid the line man in the carrying on of the particular function which is his responsibility. It is as a staff expert that the works committee may primarily be considered. No one knows so much about some of the particular problems of the worker on the job as the worker on the job. As an adviser on this range of problems, the works committee bears the same relationship to the organization as does the chemist or the engineer.

And the works committee has another function. In a real partnership, all the partners must be interested and have a chance to express their interest. For the partners not in supervisory positions, the works committee serves as a focus of this interest and as an orderly organized medium through which this interest may be expressed.

The structure provides for standing subcommittees of the works committee and for conference committees partially composed of works-committee members and partially of management members. There are subcommittees on constitution and by-laws, coöperative buying, and many other matters; and there are such conference committees as hours, wages and promotions, unemployment, suggestions, health and safety, and other subjects. The works-committee structure of course supplies procedure for the handling of grievances.

The works committee recognized that if profits were to be distributed among the employees not in supervisory positions, these profits must be earned by a contribution over and above ordinary efforts put into daily tasks. They realized it is not often to be expected that production is to be increased by an incentive so indirect and distant as a share in surplus profits. There are, however, several ways other than just producing more by which an employee may make money for the company. There are four general classes into which these ways fall:

(1) An improved standard of workmanship.
(2) An increased watchfulness in the saving of waste.
(3) A saving of supervision.
(4) Coöperation with each other.

Considering such factors, it was possible to conceive of a profit-sharing plan that pays its own

freight, and they did not wish to suggest one which did not. There are five major elements in the plan adopted:

(1) All Dennison employees over eighteen years of age, and who are not managerial industrial partners, shall at the end of two years' service be made employee industrial partners.
(2) At the end of three years' service such employee industrial partners shall be entitled to share in the distribution of the Employees' Industrial Partnership Fund.
(3) The Employees' Industrial Partnership Fund shall be equal to one third of the amount which would otherwise be distributed in stock among the managerial industrial partners.
(4) This fund shall be distributed in the form of non-transferable, non-voting stock; this stock, however, not to be in the preferred class, but one which shall risk the fluctuations of business.
(5) The amount which each employee industrial partner receives shall vary with the length of service of each individual.

The prerequisite of two years' continuous service was imposed because it was felt that the industrial partnership should be limited to persons fully in touch with the present life of the company and who are reasonably to be supposed to be permanently placed.

The stipulation that the Employees' Industrial Partnership Fund shall be distributed in the form of non-transferable, non-voting stock was incorporated for several reasons. Stock ownership carries with it a sense of proprietorship, and in the long run, therefore, is a lasting influence making for first-rate effort; stock distribution constitutes a device whereby the idea of saving is cumulative, as are the savings themselves, whereas cash bonuses, on the other hand, may be dissipated each year; a stock that risks the ups and downs of business fluctuations makes partnership and participation a much more significant thing than a stock bearing a fixed rate of return; the non-transferable feature prevents cashing in and provides for cumulative effects of steady saving; and finally, the stock is non-voting because non-supervising employees should not be asked to assume a voting responsibility which their knowledge will not allow them to carry easily. Their share in management may be fully satisfied by the proper development of the works committee.

Length of service was taken as the basis of distribution, since the older employees can contribute most directly under the four categories of savings in waste and in supervision, of improved quality of work, and of coöperation with each other. The older employees also teach the younger ones by example and by their longer range viewpoint.

The operation of the managerial industrial partnership since 1911, and especially during the years

of lush war profits and the starvation months of 1921, leaves no doubt as to its feasibility and value as a practical working arrangement. The employee industrial partnership plan is approaching the end of a seven-year experimental period. To be rigidly scientific, all that can be offered is a suspended judgment. To register a general feeling, opinion is very largely favorable.

THE HUMAN SIDE OF PRODUCTION

J. M. LARKIN

Assistant to President, Bethlehem Steel Corporation

Mr. Larkin has been with the Bethlehem Steel Corporation and its subsidiaries for a period of twenty years, his early years having been spent in the shops, drafting-room, and executive offices. For the last eight years he has been in charge of the industrial-relations activities for the entire corporation, employing about seventy thousand workers.

Mr. Larkin has served as an officer in many outside organizations fostering personnel work, and was a few years ago president of the Industrial Relations Association of America, which later merged with and is now known as the American Management Association. His present position is assistant to the president of the Bethlehem Steel Corporation, in which position he has general supervision over all industrial relations activities.

THE HUMAN SIDE OF PRODUCTION

J. M. Larkin

Various functions are necessary to the conduct of business. Purchasing, selling, manufacturing, and distribution are often thought of as being concerned for the most part with the product itself. In considering the human side of business, especially the human side of production, we are turning our thoughts upon the people who make the products, as distinguished from the things they are making. When we consider the fact that almost 50 per cent of the gross revenue received from the sale of steel and iron products of all kinds goes out to the people who make the goods, we can at once appreciate the importance of the human side of business.

In the early stages of industrial and manufacturing development this phase of the business became more or less overlooked in the all-absorbing desire to perfect and increase the volume of production. So long as the organization of business was confined to small units, there was little trouble. But when the workshops of ten or twelve friends, neighbors, and intimates developed into the factory or plant with hundreds or thousands of workers recruited from

various distant places and with various modes of living and thought, the problem of providing for the ambitions, needs, and rights of the people who make things came to require just as much attention as the things which they made.

Forward-looking management realized that these changes necessitated the adoption of new policies which would develop the good will of workers toward their work. Furthermore, the good will of its customers and of the public are requisites of a successful concern to-day. Modern industry has become a big coöperative ambition, in the realization of which every supervisor and every employee becomes a factor.

In developing its relations with its workers the Bethlehem Steel Corporation did not suddenly or simultaneously attempt to install a large number of so-called beneficial schemes. On the other hand they developed, one by one, as occasions seemed to require, plans which were designed to meet and care for certain definite conditions. These conditions are in the main the chief wants of a worker in so far as his personal relation with his job is concerned.

It has been well said that the average worker in the main wants five things. They are:

(1) A steady job.
(2) Adequate real wages.
(3) A good supervisor.

(4) An individual and collective voice about all of his conditions.
(5) A chance to rise on his merits.

Let us then see how the various functions of the company's industrial relations activities fit with these desires.

Anything that affects the steadiness of the job for the average worker is serious. Therefore the company has planned to provide, as far as possible, a steady job for its employees. First, there has been established in each plant an up-to-date, carefully administered employment department for mobilizing and interviewing the prospective employees, and for the transfer, promotion, or termination of present employees. In this department every attempt is made to accord the new employee a friendly reception and to help him fit into the job for which he is best qualified.

The treatment accorded the new as well as the terminating employee by the employment department is of vital importance, and particular stress has been laid on this in the Bethlehem organization. From the hands of the foreman or the individual department head has been removed the right to completely discharge a man from the plant, not so much because of the foreman's arbitrary abuse of this power, as because of the opportunity of another person to study general plant conditions and to know what

is best for the company as a whole. The policy has been established of requiring the department head to return the employee—dissatisfied or unsatisfactory, as the case may be—to the employment department, where under the guidance of trained men he is transferred to the best advantage to himself and the company. This policy has resulted in the retention of many an employee who felt when leaving a department that he wanted to quit the company, and consequently has materially aided in keeping down the labor turnover. To uncover in the interviewing of terminating employees the real facts in the case requires tact, understanding, and an almost unusual faculty for gaining confidence. The employment department fails or succeeds in this phase of its work according to the individual who fills the position.

There are two conditions under which the steadiness of the job may be interfered with and over which the employee himself has little control; one is in the case of sickness; the other, of accident. To assist the employee in case of sickness or death, in each of the plants there is in operation a plan for affording financial relief.

The interpretation of the various state compensation acts in rendering to injured employees aid in distress is a matter of extreme importance. It is Bethlehem's policy to carry its disciplinary and educational activities to the extreme limit to prevent accidents and to forestall serious results from them. This is done through accident-prevention campaigns, first-

aid instruction, and plant permanent safety-committees. These permanent safety-committees consist of employees of the various operating departments, whose duty is, in addition to their regular work, to function as safety inspectors in their departments, for which they receive additional compensation. In its own, as well as in the employees' interest, the company keeps down to a minimum the loss, from accidents, of time, health, and money; and with the team-play exemplified by the employees in the last five years, preventable accidents have been reduced 50 per cent. In a word, the policy for keeping accident loss at a minimum is to take every possible means to prevent accidents. Once accidents occur, however, the compensation law is interpreted in its broadest sense, and if a doubt exists, the company leans toward paying without protest.

Another condition over which the employee has no control is that of old age, and when, after a period of years of service in Bethlehem's employ, an employee finds it necessary to retire, he may do so under the pension plan, which provides reasonable cash assistance. This plan was put into effect on January 1, 1923, and provides that after an employee has rendered twenty-five years of service and reaches the age of sixty-five he may retire on a pension.

In order that every employee shall receive fair and just treatment, the pension plan is administered at local plants by joint committee composed of representatives of the employees and management, and

centrally by a board of six company officers appointed by the president; and each case receives individual and careful consideration. At the present time there are about 950 active cases totaling over $420,000 a year.

Another important aspect of Bethlehem's human-relations program is the opportunity which the plant doctor has to be of service in dealing with employees. Medical departments have been organized in all of the plants for the convenience of the employees. Sympathetic understanding on the part of the plant doctor is of equal importance with technical skill, and the medical department can contribute much toward promoting the ideal of the steady job.

Believing that steady living and a steady job are synonymous, the company helps its employees to purchase homes on easy partial payments.

All lines of industry are more or less subject to the peaks and valleys of business demands, and any steps which employers can take to iron out these peaks or valleys are of great benefit to the community at large. Some progress in this direction has been made where companies have adopted in times of business depression the policy of dividing among a maximum number of regular employees the available work on a part-time basis, instead of laying off large forces and thus swelling the ranks of the totally unemployed.

Unquestionably the procedure of laying off large forces would be the most efficient for immediate relief, but the policy of spreading the available employment over a maximum force in the long run pays

the employer through the retention of a working force which greatly facilitates increased operations upon the revival of business. This is the policy which the Bethlehem management has followed, and which, it is believed, affords to the workers and the company the greatest possible benefits in such times.

Probably no economic subject has received such attention in the last five years as the problem of stabilizing the business cycle. Government commissions, economists, research bureaus, and business concerns have all given time and study to the problem and have tried to point out ways of meeting the trouble. Of course complete stabilization can never be reached, but even fair progress in this direction will eliminate one of the most objectionable aspects of our social and economic conditions, and will do much to promote industrial happiness.

A fundamental question like wages will never cease to be in some measure contentious. Wages are affected by such changing influences as cost, competition, production, the demand for the product, and a variety of economic factors which are different for different industries.

An adequate wage is a wage that is sufficient to afford an employee and his family a decent standard of living with a margin for laying something aside. This can best be afforded the employee by relating his wages to performance. He will thus be rewarded in proportion to his skill and to the service he renders, as indicated by quantity and quality of output.

This policy is opposed to the practice which seeks to group together at a uniform wage, regardless of individual performance, large bodies of employees, classed in a trade, and scattered in various widely separated plants; such grouping inevitably tends to discourage effort and to reduce individual output to a standard set by the least efficient worker.

This policy is commonly called bonus, tonnage, premium, or piece-work, and on one or the other of these the majority of Bethlehem employees are compensated. Under this plan each individual to some extent fixes the adequacy of his own compensation.

The employee receiving a wage which allows him to save a part of his earnings, thus becoming a thrifty and self-sustaining member of the community, is a valuable asset to both the company and the community. Any assistance which industry can render the employee in maintaining a savings account is good business.

Believing that in addition to saving a part of his earnings it is desirable to have the employee invest in the company he works for, Bethlehem established in 1924 an *employees' saving and stock ownership plan.* This plan provides that an employee may purchase the 7 per cent cumulative preferred stock of the company by small deductions from his wages. A further inducement is offered him to hold the stock and remain in the employ of the company by the payment of a special bonus to holders of the stock, so

as to encourage thrift and to keep down the labor turnover by having the employee retain his financial interest in the company.

A good supervisor is not only desired by the employee, but is required by the management, if industry is to be properly interpreted to the employees. The supervisor is in daily contact with the employee and reflects in his attitude the company policy. The successful operation of his department will depend upon his broad-mindedness, his patience, and his willingness to talk over his problems with his men and to maintain with them a close, friendly contact. He should regard his department as a team of which every employee is working as a member. This spirit is the aim of Bethlehem's supervisors.

If an industrial organization is to get team-play, if it is to know what its employees are thinking about and is to make known to them the things they are entitled to know in order to be real members of the team and to pull together for the betterment of their conditions and the success of the company, there must be a will and a way.

One of the most effective agencies for promoting good will between employers and employees is through some well organized method of periodic conference. To accomplish this, Bethlehem has adopted a plan of employee representation.

Bethlehem's experience with works council, or employee representation, has been that under it both management and men have been able to do their

tasks better because of the mutual understanding that results from it.

The plan is primarily a system which provides for the election by shops or departments of representatives by and from among the employees to meet and deal with the management for the discussion, regulation, and adjustment of matters having to do with the conditions which may arise out of employment.

Regarding the machinery for the prevention and adjustment of differences, it is notable that a closer relationship between management and men has been established by personal contact between the two groups of representatives.

Work managers meet regularly with the employees' representatives and point out business prospects and employment conditions and thus are able to convey a picture of the situation and to put information into the hands of the employees which would not otherwise be obtainable. The president of the corporation makes a trip every year to meet representatives of the employees and the management, when he explains business conditions and also the application of the income accruing from the business of the corporation.

The problem of continuous employment has been given a great deal of attention, especially during recent business depressions. Many revisions in hourly schedules, so as equitably to distribute work as well as wages, have been initiated by the employees' representatives.

Where large numbers of men are dealt with, it is natural that some feeling of inequality of treatment should arise; but under the operation of the plan the employees' representatives have quickly brought the attention of the management to individual cases requiring adjustment.

Can anything be more important than to know that this is one of the fixed policies of any company? Important as it is to executives, it is equally important to every employee. There is no room in industry today for advancement by favor, nor should there be any place for influences that tend to maintain distinctions and reduce the status of those who would otherwise advance. Individual advancement on merit is the principle to which Bethlehem subscribes.

The steel industry as a whole has experienced, under the guidance of broad-visioned men of long practical experience, men who have risen within the industry and know its problems, a monumental growth in this country; and the development of its human relations has not lagged, and will continue to play a big part in its future prosperity. Its policy to pay good wages, to provide for reasonable hours of work, and to give a chance for expression and conference, and an opportunity for saving and partnership; its chances for promotion, and its policy of training good supervisors—all are forward-looking achievements in an industry of great public importance.

The real benefits of an industrial-relations program cannot be measured by the results accruing

either to employees or management alone, but rather by the general advantage of both, or of the plant and community as a whole, by which mutual understanding is accomplished.

An example of what work in human relationship can accomplish is furnished by reviewing Bethlehem's experience in a plant which it acquired three years ago. The turnover of labor has been reduced from an average of 30 per cent monthly to a present average of about 8 per cent monthly. Whereas the plant formerly depended upon a labor supply shipped in from remote places, its present needs are supplied from voluntary applications.

The number of days lost to employees through accidents has been reduced from twenty-two days per hundred men employed to eight days. When Bethlehem took over the plant, the thirty beds in the hospital were all occupied. To-day the average occupancy is less than ten.

Men in the plant have been put on a profit-sharing basis and are now paid on tonnage and premium and piece-work rate systems, where before they were largely on straight hourly and daily pay basis.

The company owned several streets of houses. These were put in good condition and the occupants encouraged to keep the places as clean as houses anywhere in the country. This work was all done without losing money, even though the average rental on typical five-room houses is as low as $12.50 a month.

Two hundred and ninety-six new and separate

houses were built to sell at cost to employees at an average price of $4200. These houses contain from four to six rooms, are built in twenty different styles, and are surrounded by concrete roads and pavements. The lawns are planted, and a large plot is laid out in the middle of the development as a playground for children.

Many welfare buildings have been put up at convenient locations throughout the plant to provide the men with proper facilities to care for their clothes during the day and to give them proper places to wash up before starting home.

In commenting on the situation Mr. E. G. Grace, president of the company, said:

> The most striking feature of the results which have been realized at this plant has been, not so much the economies due to the expenditures of money, but achievements in what might be called the field of human engineering. Even before the results from the large expenditure of money had been realized, the results from the improvement in the morale and spirit of the men had been such as to make a plant which had been losing money pay its own way.

And so it may be answered, to the question, Why? that personnel work with human relations plays just as important a part in manufacturing as its mechanical phases, and has just as much influence on costs and on the ability to produce and sell the manufactured products as have mechanical or physical improvements.

In carrying out and putting these plans into practice, as in any other task set for accomplishment, organization and direction are necessary. Therefore the Bethlehem Steel Corporation has a central directing department, attached to the office of the president, which coördinates and directs these human policies of our work in each one of our separate plants employing in the aggregate 70,000 employees.

The industrial relations department, which has charge of human relations in the corporation, is supervised in each local plant by one of the general manager's assistants. In this department of our work we are giving constant thought and attention to human problems as they affect production, and are helping to shape and direct a policy which will facilitate, alike for management and for employees, a satisfactory accomplishment of production.

There has been comment that the workers in a shop would rather have larger pay-envelopes and less "benefit stuff." If human-relations work is treated as "benefit stuff," real men will resent it, and the "stuff" will undoubtedly fail to accomplish its object. If, on the other hand, human-relations activities are directed toward the definite object of creating a company spirit, a team spirit, which results in lower labor costs, lower turnover costs, higher efficiency on the part of the men, then the work is not only successful from the point of view of the company, but the men themselves, led by the more intelligent workers, come to have more confidence in the

company because they realize that lower costs mean more business, steadier jobs, and regular pay-checks. And the most important part of this is that lower total labor costs on the company's balance-sheet secured by improved labor conditions do not result in smaller pay-envelopes for the individual workers, but, conversely, they tend to increase the size of the pay-envelopes.

There is no last word in dealing with human relationships nor is it contended that the Bethlehem plan is perfect, but it is felt that the plan has accomplished results in eliminating misunderstandings and promoting good feeling and mutual appreciation of each other's problems on the part of both the management and the employees.

THE ETHICS OF SELLING

HARRY R. TOSDAL

Mr. Tosdal is Professor of Marketing in the Harvard University Graduate School of Business Administration. His business experience began some time before finishing college and he has had constant contact with business men in a wide variety of fields. He is a member of the executive committee of the Commercial Standards Council, which is engaged in the endeavor to correlate the activities of various business groups directed toward higher ethical planes.

He is the author of *Problems in Sales Management*, *Problems in Export Sales Management*, *The New England Exporter*, *Principles of Personal Selling*, and is a constant contributor to various technical journals.

THE ETHICS OF SELLING[1]

HARRY R. TOSDAL

It is probable that selling activities furnish more possibilities and more temptations for unethical practice than any other department of a business enterprise. It is in the activities of the selling department that the concern comes in contact with competitors and the consuming public. In order to make profits and avoid losses, each business enterprise endeavors to make profitable sales to buyers who are attempting to buy at as low a price as possible. As a consequence of the apparent conflict of interest, any one engaged in selling will find himself occasionally and sometimes very frequently confronted with ethical problems which are not easy of solution. The pressure of competition, particularly the competition of unscrupulous competitors or of powerful competitors, is such as to create a great temptation for a particular seller to stretch his opinions to cover the exigencies of the moment. He is urged to allow expediency to govern instead of moral principle; he is tempted to depart from high ethical standards.

While in the business field it is considerably clearer

[1] The author has paraphrased sections and quoted freely from his work entitled *Principles of Personal Selling* (A. W. Shaw, 1925).

to-day than formerly what constitutes ethical or fair practices and unethical or unfair practices, there are no definite rules which will simplify the solution of all problems of ethics which sales executives and salesmen must face. There are some sales practices which are clearly unethical; there are some sales practices which are as clearly ethical; but there is a broad middle ground between the two. There are some practices not clearly unethical to-day which in the long run may be condemned by both public and the business group. The decisions of the court and statutes on the law-books are constantly limiting this field of doubt, but much still remains to be done, particularly with reference to selling practices which only in a general way affect the individual purchaser.

From the point of view of the man engaged in business, whether he be salesman, sales manager, or a member of another department of the business enterprise, it is highly desirable that his occupation be considered ethically sound and commendable, and that in the pursuit of his occupation he be not constrained to carry on practices which would be condemned by the standards of other occupations or professions.

Selling has been defined as the art exercised by the seller of effecting economic exchanges, or, in other words, of bringing about directly or indirectly mutually beneficial transfers of goods or services. The transfers of goods, services, or claims which are to be brought about by the seller are economic exchanges

by which each party to the transaction expects to be benefited. Since both buyer and seller are free to buy or sell as they please, a transaction should not and would not take place unless both buyer and seller felt that they were benefiting more by what they were receiving by the process of the exchange than by refraining from entering into the transaction. Economic theory is based on the assumption that exchange will not take place unless both parties feel that they have secured a gain in satisfactions or utilities. The nature and amount of satisfaction secured from an economic exchange form the basis for the distinction between good and bad types of selling. Selling is a part of the marketing process which has for its purpose the increase of economic utilities, particularly those which may be classified as time and place utilities, in contrast to those produced in the manufacturing process, usually called form utilities. Selling aims to furnish to the buyer the kind of goods he wants, when and where he wants them; manufacture changes the form of the material to make it more suitable for the satisfaction of wants.

If greater material comfort and well-being are desirable, then selling can be said to be desirable because it contributes toward it. The maintenance of profitable large-scale production in most industries is dependent on selling effort. Without such mass production, costs would be increased and the material welfare of the country would be decreased. Greater effectiveness of labor was brought about by factory

production. Socially, one may raise a question as to factory production with the monotony of machine work which its processes involve, but the evidence indicates that the worker derives to-day more material satisfactions than before the advent of the factory system.

The need for such selling will not disappear with the increase in the learning and education of the people generally, nor with the higher level of intelligence of the buyers. Buyers will never be so completely educated that they will know all about the things they need and want to buy. It would be socially and economically wasteful for them to acquire the knowledge necessary. As long as the competitive system and a complex economic organization are accepted as necessary for the welfare of modern society, it seems that selling will continue to be necessary.

It must be freely admitted that selling in the past has not been conducted in many quarters on as high an ethical plane as is desirable. The art of selling has often not been practised in such a way as to yield the greatest welfare for the salesman, the employer, and the public. Theory and practice have on occasion been widely divergent, but this divergence has been apparent rather than real. The reasons advanced for departure from ethical standards are:

(1) *The force of competition.* It has been asserted that competitors indulged in shady or unfair

practices and that it was necessary to follow their lead.

(2) *Ignorance* of what constitutes ethical selling is responsible in many cases for what seems to be shady, if not unfair, practice.

(3) *Attitude of employers*, in requiring results, in urging high-pressure selling, and in feeling no responsibility with regard to the method by which results were obtained.

(4) *Practice of salesmen.* Individual employees without ethical principles have on their own initiative used illegitimate methods in order to get volume of business, methods which may or may not have been implicitly authorized by the employer.

The existence of unethical practices is undoubted, but the extent of such practices is frequently exaggerated. We have no means of measuring the relative morality of selling practices to-day as compared with that of a generation ago. But there is a general opinion among business men—and that opinion seems to be well founded—that there has been on the whole a very distinct advance in the ethical standards of personal selling during the past half-century. This advance is partly due to the discovery that unethical sales practices were harmful not only to the buyer, but ultimately also to the seller, and partly due to the increasing diversion of a higher type of man into business and the desire to make business

a profession worthy of the best efforts of able men. Associations of manufacturers and of merchants have made attempts, from time to time, to reduce the amount of unethical practice by the establishment of codes and by more radical measures designed to raise the standards. Individually these attempts have not usually been important; they are significant mainly because they indicate a growing consciousness of the need and of the possibilities of high ethical standards.

The ethical basis and economic basis of personal selling are identical, if we adopt the utilitarian thesis. Accordingly those sales practices are unethical which directly or indirectly tend to bring about exchanges of goods, money, and service in which one party to the exchange receives decreased utility instead of added utility; in other words, those exchanges in which both parties have not mutually benefited. Furthermore, exchanges, which may be satisfactory in a measure, definitely may be unethical because the result is to reduce the amount of utilities received by the public below what they may reasonably expect.

It should be recognized, however, that enlightened selfishness is not a complete and sufficient rule of business conduct, though its more general application would raise the level of present business practice.

As it is economically to the interest of the salesman to sell in such a way as to leave a satisfied customer, it is just as important from an ethical point of view. No man relishes the idea of being engaged

in a business which is not of service to mankind. For many generations the rule of *caveat emptor* has prevailed in selling; that is, in the absence of fraud the buyer must beware. To-day more and more business concerns are coming to the conclusion that *caveat emptor* is a bad rule for laying the foundation of a successful and permanent business. They find that if the buyer has constantly to beware, it is very likely that he will transfer his business elsewhere. This feeling on the part of the buyer is actually increasing the difficulty and costs of doing business. Modern selling does not permit transactions in which the buyer must beware, because the seller knows he will eventually suffer if the buyer is not treated properly.

In general, the application of the principle that every sale must bring satisfaction, that every sales transaction must create utility for the buyer, must for present purposes be considered satisfactory as a rule of conduct. But there are many situations in commerce and in industry in which the apparent pressure to dispose of goods in order to continue large-scale operations is a great inducement to the sales department and to the salesmen to succumb to the temptation to take a short-run point of view and to get sales by whatever methods may seem effective at the moment. The pressure is increased by the unfair practices of some sellers, and by the collusion of those who influence buying.

Unethical selling practices existed long before the Industrial Revolution. The increase in unethical

selling which some assert characterizes recent selling practices, in comparison to the pre-factory period, is apparent, not real; such assertions are based upon lack of knowledge of earlier business practices, and upon failure to recognize the fact that the number of business transactions is much larger than before. The great bulk of selling is carried on fairly and in an ethically proper manner; a larger and larger majority of business men are coming to see that the most effective and the most profitable way to do business is to follow ethical practices.

From time to time unethical and unfair practices come before the courts. They have been adjudicated under general statutes and under the common law relating to fraud, conspiracy, restraint of trade, and the like. In various States special laws have been passed relating to unfair competitive practices. Likewise in the Sherman Act of 1890, and more specifically in the Clayton Act of 1914, unfair competition and unfair competitive practices are prohibited. However, no definition of unfair practices was given in the law, which left that to the administrative body (the Federal Trade Commission) and to the courts.

The Federal Trade Commission has handled many complaints and has given many rulings regarding unfair trade practices. Some of the practices are bad according to any standard which might be established. There are others which have been considered fair among business men, but which in the long run do not operate in the interest of the public.

Many classifications have been made of sales practices which were doubtful from an ethical point of view or clearly unethical, but there has been a great deal of disagreement and a great deal of doubt in the minds of business men and the public on the whole matter. In the effort to remove some of this doubt and ignorance the Federal Trade Commission in its annual report of 1925 included an extensive list of unfair practices brought before the commission and declared to be prohibited.

1. Inducing employees of competitors to violate their contracts or enticing away employees of competitors in such number or under such circumstances as to hamper or embarrass them in business;
2. Trade boycotts or combinations of traders to prevent certain wholesale or retail dealers, or certain classes of such dealers, from procuring goods, or goods at the same terms accorded to the boycotters or conspirators, or to coerce the trade policy of their competitors or of manufacturers from whom they buy;
3. Unauthorized appropriation of the results of a competitor's ingenuity, labor, and expense, thereby avoiding costs otherwise necessarily involved in production;
4. Preventing competitors from procuring advertising space in newspapers or periodicals by misrepresenting their standing or other misrepresentation calculated to prejudice advertising mediums against them;
5. Harassing competitors by requests not in good faith,

for estimates on bills of goods, for catalogs, and so forth;

6. Bidding on the prices of raw materials to a point where the business is unprofitable, for the purpose of driving out financially weaker competitors;
7. The use by monopolistic concerns of concealing subsidiaries for carrying on their business, such concerns being held out as not connected with the controlling company;
8. Intentional appropriation or converting to one's own use of raw materials of competitors by diverting shipments;
9. Combinations of competitors to enhance prices, maintain prices, bring about substantial uniformity in prices, or to divide territory or business, or to put a competitor out of business;
10. Acquiring stock of another corporation or corporations where the effect may be to lessen competition substantially, restrain commerce, or tend to create a monopoly.

There were others which indirectly affect the work of salesmen, but which affect directly the selling activities of the concern as a whole:

1. Misbranding of fabrics and other commodities respecting the materials or ingredients of which they are composed, their quality, origin, or source;
2. Adulteration of commodities, misrepresenting them as pure or selling them under such names and circumstances that the purchaser would be misled into believing them to be pure;
3. The use of false or misleading advertisements;

4. Making vague and indefinite threats of patent-infringement suits against the trade generally, the threats being couched in such general language as not to convey a clear idea of the right alleged to be infringed, but nevertheless causing uneasiness and fear in the trade;
5. Wide-spread threats to the trade of suits for patent infringement arising from the sale of alleged in-infringing products of competitors, such threats not being made in good faith but for the purpose of intimidating the trade;
6. False claims to patent, trade-mark, or other rights, or misrepresenting the scope thereof;
7. Sales of goods at cost, coupled with statement misleading the public into the belief that they are sold at a profit;
8. Giving and offering to give premiums of unequal value, the particular premiums received to be determined by lot or chance, thus, in effect, setting up a lottery;
9. Any and all schemes for compelling wholesalers and retailers to maintain resale prices on products fixed by the manufacturer;
10. Imitating standard containers, customarily associated in the mind of the general purchasing public with standard weights of the product therein contained, and to sell to the public such commodity in weights less than the aforementioned standard units;
11. Concealing business identity in connection with the marketing of one's product;
12. Tying or exclusive contracts, leases or dealings, in

which, in consideration of the granting of certain rebates or refunds to the customer, or the right to use certain patented equipment, and so on, the customer binds himself to deal only in the products of the seller or lessor;

13. Use, by business concerns associated as trade organizations or otherwise, of methods which result in the observance of uniform prices for the products dealt in by them, with consequent restraint or elimination of competition; such as the use of various kinds of so-called standard cost systems, price lists, or guides, and so on;
14. Interfering with established methods of securing supplies in different businesses in order to hamper or obstruct competitors in securing their supplies;
15. Giving products misleading names so as to give them a value to the purchasing public, or to a part thereof, which they would not otherwise possess, such as:
    (*a*) Names implying falsely that the particular products so named were made for the government or in accordance with its specifications, and of corresponding quality, or are connected with it in some way, or in some way have been passed upon, inspected, underwritten, or endorsed by it;
    (*b*) That they are composed in whole or in part of ingredients or materials, respectively contained only to a limited extent or not at all;
    (*c*) That they were made in, or came from, some locality famous for the quality of such products;

(*d*) That they were made by some well and favorably known process, when as a matter of fact they were only made in imitation of, and by a substitute for, such process;

(*e*) That they have been inspected, passed, or approved after meeting the tests of some official organization charged with the duty of making such tests expertly and disinterestedly or giving such approval;

(*f*) That they were made under conditions or circumstances considered of importance by a substantial fraction of the general purchasing public, and so on.

The last group of practices were those relating particularly to practices which were of importance in directing the work of salesmen:

1. Bribery of buyers or other employees of customers and prospective customers to secure new customers or induce continuation of patronage;
2. Making unduly large contributions of money to associations of customers;
3. Procuring the business or trade secrets of competitors by espionage, by bribing their employees, or by similar means;
4. Procuring breach of competitors' contracts for the sale of products, by misrepresentation or other means;
5. Making false or disparaging statements respecting competitors' products, their business, financial credit;
6. Tampering with and misadjusting the machines

sold by competitors for the purpose of discrediting them with purchasers;

7. Passing off products, facilities, or business of one manufacturer or dealer for those of another by imitation of products, dress of goods, or by simulation or appropriation of advertising or of corporate or trade names, or of places of business, and passing off by a manufacturer of an inferior product for a superior product theretofore made, advertised, and sold by him;
8. Misrepresentation in the sale of stock of corporations;
9. Selling rebuilt machines of various descriptions, rebuilt automobile tires, and old motion-picture films slightly changed and renamed as and for new products;
10. Giving away of goods in large quantities to hamper and embarrass small competitors, and selling goods at cost to accomplish the same purpose;
11. Various schemes to create the impression in the mind of the prospective customer that he is being offered an opportunity to make a purchase under unusually favorable conditions, when such is not the case, such as:
    (*a*) Sales plans in which the seller's usual price is falsely represented as a special reduced price made available on some pretext, for a limited time or to a limited class only;
    (*b*) The use of the "free" goods or service device to create the false impression that something is actually being thrown in without charge when as a matter of fact the cost is fully cov-

ered by the amount exacted in the transaction taken as a whole;

(*c*) Sales of goods in combination lots only with abnormally low figures assigned to staples, the prices of which are well known, and correspondingly high compensating prices assigned to staples the cost of which is not well known;

(*d*) Sale of ordinary commercial merchandise at usual prices and profits, as pretended government war surplus offered at a bargain;

(*e*) Use of misleading trade names calculated to create the impression that a dealer is a manufacturer, selling directly to the consumer, with corresponding savings;

(*f*) Plans ostensibly based on chance, or services to be rendered by the prospective customer, whereby he may be able to secure goods contracted for at particularly low prices, or without completing all the payments undertaken by him, when as a matter of fact such plans are not carried out as represented and are a mere lure to secure his business;

(*g*) Use of pretended, exaggerated retail prices in connection with, or upon the containers of, commodities intended to be sold as bargains at lower figures;

(*h*) Falsely claiming forced sale of stock, with resulting forced price concessions, when as a matter of fact there is mingled with the customary stock inferior goods, and other methods are employed so that as a matter of fact no such concessions are in fact accorded;

12. Seeking to cut off and hamper competitors in marketing their products through destroying or removing their sales display and advertising materials;
13. Subsidizing public officials, or employees, through employing them or their relatives, under such circumstances as to enlist their interests, in situations in which they will be called upon, by virtue of their official positions, to act officially;
14. Misrepresenting in various ways the advantages to the prospective customer of dealing with the seller; such as:

    (*a*) Seller's alleged advantages of location or size;
    (*b*) False claims of being the authorized distributor of some concern;
    (*c*) Alleged endorsement of the concern or product by the Government or by nationally known businesses;
    (*d*) False claim by a dealer in domestic products of being an importer, or by a dealer of being a manufacturer, or by a manufacturer of some product of being also the manufacturer of the raw material entering into said product;
    (*e*) False claim of "no extra charge for credit";
    (*f*) Of being manufacturers' representative and outlet for surplus stock sold at a sacrifice, and so forth;

15. Showing and selling prospective customers articles not conforming to those advertised, in response to inquiries, without so stating;
16. Direct misrepresentation of the composition, nature, or qualities of the product offered and sold;

17. Securing business through undertakings not carried out and through dishonest and oppressive devices calculated to entrap and coerce the customer or prospective customer, such as:

(*a*) Securing prospective customer's signature by deceit to a contract and promissory note represented as simply an order on approval; securing agents to distribute the seller's products through promising to refund the money paid by them should the product prove unsatisfactory, and through other undertakings not carried out;

(*b*) Securing business by advertising a "free trial" offer proposition when as a matter of fact only a "money back" opportunity is offered the prospective customer, and so forth.

While these lists are not complete, they furnish evidence that in comparison with practices approved and tolerated in the latter part of the nineteenth century, there has been a very distinct improvement in the standards of selling practice. Some of the unfair practices have already been declared contrary to public interest.

Business in many respects is beginning to assume the characteristics of a profession, both as to ethical basis and as to the training required for the practice of many of its branches.[2] The solidarity which characterizes the majority of professions is coming more and more into evidence in business as well, and there are many trade associations which are actively inter-

[2] A. Lawrence Lowell, *The Profession of Business, Harvard Business Review,* Vol. I, p. 129.

ested in the formulation of codes of ethics or standards of practice. The reason for this rapidly growing desire to formulate standards of practice seems to be, in the first place, the development of a keener moral sense on the part of business as a whole.

There is developing greater public pressure for higher standards of conduct in business. The situation at any particular time is one in which there are many firms whose ethical standards are considerably higher than those demanded by the public, many more firms whose standards are no higher than public opinion sanctions, and many firms whose standards are lower than the general level of practices permitted by the public as interpreted by the courts and administrative bodies. Lastly, there is the development of a desire of the able men in business to feel the same pride in their accomplishments and in their work as does a member of any other profession.

Many of the codes of ethics which have been formulated cannot be said to represent codes of ethics in the strict sense of the term. Some elements which do not involve ethical principles but merely the preferences of the members of a trade as to sales policies are permitted to creep into the standard of practice or the code. The attempt is made to give them the force of ethical sanction, when the provisions merely approve some of many possible practices all of which may be equally ethical, from the point of view of their influence upon public welfare and upon the persons concerned.

A study of the codes of ethics issued by various groups of business men reveals many points in common. Not a few of them emphasize the point that the seller must conduct himself in his relations to customers as he would like to be treated if he were a buyer instead of a seller. Some of the codes of ethics go into a great deal of detail regarding the practices which are to be considered unethical in making sales. Some of them contain little more than broad statements of general principles. Among the most common are those referring to misrepresentation of goods, dealings with competitors, and commercial bribery. But one can find examples of code provisions relating to every practice which has come before the Federal Trade Commission and a number of others.

Certain provisions are of special interest.[3] These are:

(1) The provision relating to misrepresentation of goods sold or to misrepresentation of the seller. For instance, the American Face Brick Association includes in its code of ethics the statement, "Avoid scrupulously overstatements or misrepresentation of any kind in your own behalf either in advertising or in personal selling."[4]

[3] E. L. Heermance has compiled in *Codes of Ethics: A Handbook,* over a hundred of these codes.
See also J. George Frederick, *Book of Business Standards,* New York, 1925.

[4] Among the other codes containing general provisions are the National Basket and Fruit Packers' Association; the International Association of Garment Manufacturers; the National Commercial

(2) A number of codes of ethics contain provisions that "sellers shall take advantage of no man's ignorance, shall see that employees are truthful and straightforward, and that keen and confiding buyers shall be treated alike."[5]

(3) The provision against disparaging competitors or their products or prices is very common. One provision states that "as knocking is a practice unworthy of business, no salesman should speak disparagingly of another salesman or competing firm."[6]

More specific is the provision of the National Association of Oxy-chloride Cement Manufacturers, against "the making or circulating of false or misleading statements, either written or oral, against the competitor's product, service, or selling price, or regarding his business, financial, or personal standing."[7]

(4) It is generally considered unethical for a salesman to attempt to tamper with an order which has already been placed with another member or another manufacturer who is not a member; in other words, "to refrain from all further so-

Fixtures Association; the National Wholesale Men's Furnishings; the National Paint, Oil, and Varnish Association; and the Paint Manufacturers' Association of the United States.

[5] International Association of Garment Manufacturers has a similar provision in its code.

[6] National Commercial Fixtures Association code of ethics, Art. 9.

[7] Other codes contain a similar provision, such as of the Iowa Concrete Association, the National Confectioners' Association of the United States, and the National Association of Farm Equipment Manufacturers.

licitation after a competitor has secured an adoption or an order, to be considered such when formally expressed in writing."

(5) Commercial bribery is universally condemned. The code of ethics of the Gas Products Association is as follows: "We shall not resort to bribery or other means of persuading customers to acts which discredit a competitor's product." The National Association of Hat Manufacturers declares, concerning its relations with customers, that it will not give commissions, money, or other things of value to the employees of customers for the purpose of influencing their buying.[8]

It is unnecessary to go into detail to show the type of practices which are considered unethical. An examination of the long list of codes which have been published gives one an impression that selling as practised is striving toward a higher standard. In many cases it must be recognized that codes of ethics of business associations have been established and are practised only by the leading, most progressive members of a trade. Nevertheless, a great deal of significance should be attached to these codes, not because they are followed in actual practice to-day,

[8] The Plywood Manufacturers Association, the National Wholesale Men's Furnishings Association, the Associated Metal Laths Manufacturers, the Western Association of Nurserymen, the National Paint, Oil, and Varnish Association, are among the many which have such provisions in their codes.

but because they indicate how business men regard the future of business. Business will gradually rise to the levels set by these codes.

It is evident that the codes now available do not completely satisfy our needs. Revision, as our standards grow higher and as our practices and policies become better defined, will be inevitable. The more general realization of business men that high ethical standards are necessary will develop more satisfactory working rules. At the present time the most satisfactory ethical rules are those which are derived from the definition of salesmanship given at the outset. The ethical basis of salesmanship is embodied in the idea that salesmanship must be mutually beneficial, an idea embodied positively in Christian morality and negatively in Confucianism, and found in one form or another in virtually all the great religions of the world, if one also bears in mind that, while expediency may rule in the choice between ethical policies, expediency cannot rule in the choice between ethical and unethical policies. Confidence must be built up as a basis for reducing the cost of distribution just as it must be present in every sale. Ethical practice develops such confidence; unethical practice destroys it.

While business is far from attaining the moral standards it should and will attain, one can point to definite progress in the development both of standards and of moral accomplishment. The history of commerce and industry reveals a slow but definite

rise in the regard of men for commercial pursuits, by reason of the increasingly keen realization of the importance of economic effort. Coincidentally with this, the standards of business men have risen. When a sale was regarded as a transaction in which one party must be the loser, obviously ethical standards in selling could not gain much headway. In the ancient Greek era, commerce was considered unworthy of a freeman. Commerce and selling were carried on by slaves, while citizens were left to run the state. In Roman times, wholesale business emerged as an occupation in which the elect might engage, but it was long before retail selling was considered an honorable occupation. The Dark Ages showed little progress, and the development of scholasticism in the latter half of the Middle Ages placed the idea of fair price as a basis of commercial ethics. The schoolmen made a great contribution in improving the status of labor, pointing out that all forms of labor were honorable; but there seemed to be a tendency to except the merchant from such universal approval, because there was still the feeling that in a sales transaction one party must be the loser. It was not until the eighteenth century that the idea penetrated the minds of thinkers that economic transactions must give benefit to both parties, that the transaction could not take place unless each felt that he would get more satisfaction from making the transaction than from refraining from it. No more progress was possible in selling while the old idea prevailed.

It is true that during the nineteenth century and previously, a new situation had arisen. The selling problem was immensely increased in difficulty and scope because of the Industrial Revolution and the mass production which was its consequence. Selling problems were shifted. Problems of physical supply seemed to be paramount. After the Civil War in this country, there was intense competition—new types of production, cutthroat competition among the railroads, rate wars—and a study of the period from 1870 to 1895 reveals little regard on the part of business men for ethical niceties. Public recognition of the situation was shown in the interstate commerce laws, and particularly in the flood of antitrust laws culminating in the Sherman Antitrust Act of 1890. Both by legal decisions under the common law and by decisions under these statutes, many practices which were common before that time were prohibited. The emphasis upon unethical or unfair competition, which resulted in the passage of the Sherman Act, was directed against the trusts because the unethical practices of some of them were much more conspicuous than the unethical practices of smaller units. It is even conceivable that the practices of the trusts were on the whole higher than the practices of most individual business men; but obviously the social consequences of unfair practices, when carried on by huge aggregations of capital, are quite different from those carried on by small units. The practices which were forbidden by the Sherman

Antitrust Act and by the decisions beginning with the nineties are now for the most part the exception rather than the rule. Whether or not those practices would have disappeared without such legislation is a matter of conjecture, but it is almost a truism that statute law progresses in the interpretation of most questions more slowly than does public opinion. It might well be that these practices, because they meet public condemnation, would have become unprofitable and would have disappeared without any legislation.

In the future we may expect that ethical standards will be enforced by business enterprises and by sellers themselves, that the growing sense of social responsibility of business men will be added to an enlightened selfishness to make those standards more consistent with the aims of the church than they are at present.

BUSINESS AS A FACTOR IN PROGRESS

EDWARD A. FILENE

Merchant

Mr. Filene, president of William Filene's Sons Company, of Boston, is generally recognized as one of the outstanding business leaders of the country, and his contributions to public service both at home and abroad have gained for him an international reputation. Under his presidency and chairmanship the yearly volume of the business of his firm has grown to an excess of twenty-five million dollars.

Mr. Filene was a pioneer in recognizing that the function of retail distribution should be undertaken as a public service. He has always dealt with matters of general welfare and cooperation in business not on the basis of philanthropy or paternalism, but as essential factors to the development of successful business.

Some of Mr. Filene's public activities are:

A prominent part in the organization of the Public Franchise League of Boston.

The organization of the Boston City Club, a social experiment in bringing together all types, classes, and races.

The reorganization of the Boston Chamber of Commerce. Mr. Filene led the successful fight for the Workmen's Compensation Law of Massachusetts.

A member of the board of directors and of the executive committee of the International Chamber of Commerce.

In 1908 Mr. Filene introduced into the United States the Raiffaisen banking system of Germany under the name of credit-unions. Legislation permitting the organization of credit-unions in twenty-four States has been secured.

Among other public activities, Mr. Filene rendered important services to the Government during the war. He was chairman of the War Shipping Committee of the Chamber of Commerce of the United States and a member of its committee for financing the war, one of the founders of the League to Enforce Peace, vice-chairman of its executive committee, and chairman of its finance committee.

BUSINESS AS A FACTOR IN PROGRESS[1]

EDWARD A. FILENE

In the final analysis, beauty is the greatest objective of the world. But we cannot teach spiritual truths effectively to starving people. One great way to make more beauty in this world is to make the obtaining of a living—the obtaining of the necessary food, clothing, and shelter, and the necessary minimum of luxuries—so mechanical and so little time-consuming that we all shall have time for avocations, have time to work for and search for better things, to search for beauty. This can be accomplished by saving of waste, by more economic justice, by invention and better organization of production and distribution, by better training of workers and leaders.

I believe that the modern business system, despised and derided by innumerable reformers, will be both the inspiration and the instrument of the social progress of the future. Such a statement cannot go far without encountering vigorous dispute. The air is filled with voices asserting that the modern business system stands squarely across the path that leads to

[1] This section is based largely on material from Mr. Filene's book, *The Way Out*, and is therefore published through the courtesy of Doubleday, Page & Company.

a decent social order. On every hand there are men who contend that we can assure social progress only by destroying the business system and reorganizing our life upon a communistic or near-communistic basis. And multiplied thousands of men and women who are far from being communists indict the modern business system as the tyrant rather than the tool of mankind.

Now, I am under no delusion about the social efficiency of our industrial civilization. Despite the fact that science is daily making life more livable and interesting, daily devising ways and means for shifting burdens from the backs of men to the backs of machines, daily widening the range of men's interests by rapid transportation and communication, and broadening the scope of existence generally, the time of the majority of mankind is still occupied almost entirely in the business of providing food, clothing, and shelter, with little time or training for lifting life to a higher level—even if the means were at hand. This is plainly indefensible, if it is to be accepted as the inevitable result of the business system. A system that does this cannot escape indictment and assault. For the average man will not long be content to exhaust himself in the task of merely providing food, clothing, and shelter for himself, his wife, and his children, with virtually no energy left for other things.

I know all this. And yet I am convinced that the social progress of the future will be achieved not by

the destruction of the business system, but by its further and finer development. The modern business system is at present more or less lawless, but the pressure of necessity during the next ten or twenty years will enforce its reform. Unless I wholly misinterpret the signs of the time, we are now in the morning hours of a period in which business men, in order to survive and succeed, will be compelled to adopt the sort of policies that will give us an increasingly better social order. During the next ten or twenty years we shall come to see from practical experience that there is nothing necessarily contradictory between successful business and social progress. Success in both will demand the same principles and the same practices. Commercial success and social welfare, in the days ahead, will stem from the same root.

The average man and the average student of social conditions too often start with the premise that business by its very nature is antisocial. Certainly conspicuous business success has been so regarded. And we are obliged to admit that much of it in the past has been. But the point I want to make is that business must henceforth function in a changed world —a world in which good business policies will be found to be good social policies.

What I mean concretely is this: social progress demands coöperation, the modification or—to borrow a word from the psychoanalyst—the sublimation of the class struggle, the access of every man,

woman, and child to a decently adequate supply of the necessities of life, and the release of the individual from the things that prevent his living a creative and contented life. In the past, successful business has often blocked the way to a realization of these socially necessary ends. But coming conditions are going to compel businesss men to make changes in policy and in action that will result in just these things. The business policies that will enable men to make the big business successes of the next ten or twenty years will produce these things as by-products.

For some years to come, in the absence of developments not now predictable, American business will be unable to export the surplus goods it will be able to produce, the surplus goods it is even now geared up to produce. A ramshackle Europe in reduced circumstances will not be a good customer.

Unable to spend their surplus energy in competing for foreign business, American business men will devote their surplus energy to a keener competition for domestic business.

In the super-competition that will result, the small business man and the inefficient business man will have a very difficult time matching the prices and the service of the big factories and the big stores that do business on the basis of mass production and mass distribution.

Everything will tend to drive American business and industry into mass production and mass distribution.

This mass principle, widely applied, will result in hitherto undreamed-of economies and efficiencies.

These economies and efficiencies will make possible a marked reduction in prices, will in fact compel a marked reduction in prices, for the main idea of mass production and mass distribution in the matter of profits is that the largest total profit is to be made from the sale of an enormous number of articles at a small profit per article.

This reduction of prices will relieve the economic strain on the masses, mitigate the fears of insecurity and unpreparedness against the exigencies of life and labor that to-day haunt the minds of workmen, make possible a generally higher standard of living, and in every way reduce that class friction which seriously slows down the rate of social advance.

These things—to say nothing of the ultimately higher real wages that mass production will make possible by bringing about at the same time a reduction in cost of living—will give greater freedom to the individual.

Thus successful business, under the lash of necessity, will make for social progress. I am not suggesting, mark you, that business men are going to experience a sudden new birth of social idealism, but simply that business men, face to face with difficult times, will do the things that can alone assure their success, and will later discover that business intelligence and social idealism have met and merged.

In times past, business could be successful despite

many antisocial policies and practices, because society was not in the tight corner it is in to-day. The business man of the past was in very much the same position as the pioneer who could afford to be recklessly wasteful in a virgin land. Business, until now, has been on what might be called a pioneering spree. Only lately have economy and the wisest possible handling of men and material become absolute essentials to business success.

As H. G. Wells makes a character in one of his later novels say: "In the days before the war it was different. A little grabbing or cornering was all to the good. All to the good. It prevented things being used up too fast. And the world was running by habit; the inertia was tremendous. You could take all sorts of liberties. But all this is altered. We're living in a different world."

We are indeed living in a different world. In place of abundance we have shortage in most nations. Instead of a simple world with lots of elbow-room, we have a world complicated and crowded. In place of dominant captains of industry and docile laborers we have captains of industry in insecure seats and a labor mass become articulate and conscious of its political and economic power. In short, we are now living in a world in which the reckless and wasteful methods of the exploiter are a social menace and the creative methods of the scientific, socially minded business man a social necessity. The business man of

yesterday could get along very well with the pioneer virtues and pioneer practices. The business man of to-morrow must have the engineer mind and be guided by a vision of economic statesmanship.

The pioneer, although a wasteful exploiter, is more than worth his bed and board because of the new territories he opens up. But unless he keeps moving on into newer and newer territories his virtues soon become obsolete and a heavy charge on society. As society develops, the pioneer must always be succeeded by the engineer and the statesman.

In the pioneer conquest of this continent the pioneer did not use fertilizer, because it was cheaper to move to new acreage when the old soil was depleted. He did not pick a tree clean of its fruit or its nuts; it was simpler to move to the next tree and pick from the easily accessible lower branches only. He did not conserve the buffalo and other game; the game supply seemed inexhaustible. Exploitation was actually cheaper than conservation. The paradox of pioneering is that, for the individual pioneer, waste is economical.

But when the last frontier was reached the pioneer had to change his methods or become a personal failure and a social liability. When there were no more new lands to preëmpt, the old had to be fertilized. When fruits and nuts were no longer to be had just for the picking, orchards had to be planted and protected, and every tree had to be carefully

picked. When the end of the game supply was in sight, game laws had to be drafted for its conservation, and cattle herds created and maintained.

All this holds a lesson that we business men will do well to heed before we are compelled by costly experience to heed it. American business has reached its last frontier. I am referring not to the size of American business but to the sort of policies it must follow. We are entering a period in which policies of exploitation that smack of the antisocial wastefulness of the pioneer will not be profitable. Only a broader and more scientific approach will enable the business man of the future to survive, to say nothing of succeeding in any large sense.

I am not slinging mud at the business men of the past. I am not indulging in the conventional fault-finding with the ruthless business exploitation that marked the past years of our national development. The "rape of the continent" has been analyzed and reanalyzed until there is no need to go over that ground again. The old business man may have blackjacked the public into excessive concessions as a reward for his services in building the nation's railroads and establishing its basic industries. From the current point of view it is the easiest thing in the world to indict him for a sort of economic blackmail of the nation, but he was only playing the eternal rôle of the ruthless and wasteful pioneer.

There is always a little injustice, a little lack of sympathetic understanding, in the criticism one gen-

eration passes upon the practices of its predecessor. But we must remember that, for good or for ill, we are the children of our own generation and none other. We shall be judged more by the virtues we achieve for ourselves than by the criticisms we launch against the sins of our fathers. There is nothing to be gained by wasting tears over the business exploitation of the past. We would better turn our energies to the urgent job of substituting the engineer mind for the pioneer mind in the American business of the future.

The wise business man, seeing that we have passed the time when reckless, wasteful, exploitative, and antisocial methods could be made profitable, will, as I have suggested, turn to the scientific development of business. He will do this not merely because a new social conscience constrains him but primarily because sound business intelligence and competition force him to do it. When the character in Mr. Well's novel said that we were living in a new world, he went on to say: "It 's a new public. It 's—wild. It 'll smash up the show if we go too far." Now, I am not suggesting that the business man will or should base all his policies on the fear of social revolution. I am saying only that the new economic and social conditions that have come as a result of the increasing industrialism, the increasing complexity, and the increasing interdependence of society, that the particular economic muddle of transition into which the war plunged the world, and especially the

newly awakened mind of labor, all mean that the business of the future cannot be commercially successful unless it is socially sound.

All this may sound theoretical and a bit out of character, coming from a shopkeeper, but I am convinced that nothing will so quickly fit a business man to survive and to succeed in the difficult years ahead as a thorough personal study of the relation between successful business and social progress. They are not two problems, but two aspects of the same problem. Let the business man begin his study with either conception—that of successful business or that of social progress—and if he thinks straight, he will come out with the other. That is to say, he will find that a scientific application of the policies needed for social progress will bring business success, and conversely that the scientific application of the policies needed for successful business will bring social progress.

But the business man who tries to establish the right relation between his business policies and the requirements of social welfare runs the risk of falling into a dangerous error—the error of thinking, even subconsciously, that because he has done something a little more right than is customary, he is less likely to succeed and is perhaps a little less obligated to succeed.

This may seem a statement born of unnecessary caution, but over and over again I have found that when men begin to concern themselves with social

justice in their businesses they are tempted to use their good intentions as an alibi for business shortcomings. Social progress does not lie that way. And certainly business success does not. We must realize that a good ethical sense is no excuse for a bad business sense.

I have a very solid respect for the much-satirized phrase, "Business is business." I believe it is better to run a business honestly in the ordinary fashion than to introduce into it forward steps in the direction of social welfare, if their introduction carries with it even covertly the suggestion of an excuse for doing business less well. Sincerity is no justification for sloppiness.

I do not want to seem to be putting the money interest above the human interest, or to seem to suggest that good social policies are valid only when they do not interfere with profits. The whole idea of this article is that good social policies are the surest recipe for big and continuous profits. I am speaking only of the man who dabbles in matters of social welfare without seeing this. My conscience is easy, however, even with the risk of misinterpretation of what I have just written, for I know from long experience that straight business thinking is always, in the end, sound social thinking.

The point I am trying to make is that there is a lot of merely good impulse that is mistaken for that sound social thinking which is always straight business thinking. It is against this merely good impulse,

devoid either of wide social vision or of sound business sense, that the business man must guard himself, for social progress is not helped by the business man who carelessly introduces all sorts of progressive social policies into his business and then ends in the bankruptcy court. Such a business man, despite his good intentions, is the worst possible enemy of social progress. He gives the cause a bad name among other business men who, remembering his bankruptcy, are likely thereafter to think of his sound social policies as the cause of his failure.

All of which emphasizes the fact that the socially minded business man has a greater obligation to succeed than any other type of business man. He must remember that the first business of reform is to succeed. Otherwise the innovation stands no chance of being imitated. Social progress suffers when it is sponsored by well-meaning but untrained minds. The impulse toward justice is bound to be abortive unless it recognizes the obligation of success. Shall I be guilty of straining for a paradox if I say that, from the long view, unsuccessful business morality is immoral?

I have tried to suggest that there are certain special reasons, growing out of the stress and strain of the post-war period, that will make the successful business of the future a mainstay of social progress. In addition to these, there are several abiding reasons, inherent in the business system itself, why the cause of social advance has more to hope for from the

business of the future than from the political adventures and the general reform movements of the future.

Granted the right leadership, I am sure that business is a better instrument than politics for the achievement of an increasingly better social order. Let me contrast, for a moment, the business system with practical politics. This has been done many times, so I am merely summarizing, not setting out any new ideas.

Business operates all the time; political parties function at high efficiency only part of the time—campaign time particularly.

Business deals with the concrete things that affect intimately and continuously the daily lives of all of us; politics deals too much in airy abstractions that may be good enough to campaign with but are inadequate to live by.

Business leadership is determined in most instances by the careful process of selection; political leadership is chosen by the none-too-effective method of election.

Business determines the careers of most of us; politics determines chiefly the careers of office-holders.

But the one thing that makes business predominantly the instrument for social progress—if we only use it wisely—is the fact that business men control the progress of this country. They control the progress of the country not because they are either

geniuses or pirates or because they have joined in any dark plot to capture and loot the common people. They are neither more grasping nor more public-spirited than other men. They control the progress of the country simply because this is an industrial nation, and their hands happen to be on the levers of power.

Whether they are blundering or brilliant, whether they are actuated by sinister motives or by social vision, they still control the processes of production, distribution, and consumption. And these three processes touch our lives at more points and oftener than all the torch-light processions, Congressional debates, and reform movements that have taken place since the first politician mounted the stump and the first reformer challenged the *status quo*. What business men think and do about production, distribution, and consumption is therefore the most important single factor to be considered in any study of the possible arrest or advancement of social progress. It is not so much the attitude of business men toward "public questions" as it is their attitude toward "business questions" that counts in the history of social advance.

Whatever may be the point of view that will dominate the business men of the next ten or twenty years, the fact remains that the sort of place America is going to be to live in will be determined more in Pittsburgh and Fall River mills, New York banks, Brockton and St. Louis shoe factories, Arizona mines, and the other business and industrial centers than in

Washington and our state capitals. Whether the business man visualizes his job as a challenge to economic statesmanship or as a mere buccaneering adventure, the fact remains that the key to social progress lies in his hands.

The business system, then, is an ideal instrument for the achievement of sound social progress, and it is gratifying to see that modern conditions will more and more tend to make it impossible for the business man to succeed in any large way except as he uses this instrument wisely, uses it in a way that serves the interests of society as well as the interests of his stockholders.

The successful businesses of the future will be the businesses that improve the processes and reduce the costs of production, rid distribution of its present indefensible wastes, bring the price of the necessities of life lower and lower, shorten the hours of labor and enlarge the margin of leisure, eliminate periodic depressions and recurrent unemployment, limit the area of the industrial battle-field and enlarge the floor-space of the council-chamber, create better and better working conditions, pay higher real wages, and increase the comfort and prosperity of both their employees and their customers.

These are the things that the facts prove will be not optional but obligatory upon the business man who wants to succeed in a big way during the next ten or twenty years. And these are the things that will give us decent social progress.

It is customary for social critics to bewail the fact that American civilization is predominantly a business civilization. I hope to live to see the day when that regret will be changed to pride, a change that waits only upon business sense, business vision, and business statesmanship. And the ambition to succeed will join with the harsh schooling of the bankruptcy court in making this sort of business administration more and more common. The social progress of the future lies not in the destruction of the modern business system, but in its further and finer development.

While I am not a church-goer, and while I see the way out for social progress through a finer development of the modern business system—a system essentially based on increasing production, that is, on "Fordizing" the necessities of life and greatly cheapening their distribution—I realize that improving the methods of production and distribution will not be a real way out unless it is permeated with the religious point of view. Even sublimated business will need the church—will need religion more than ever. The further we extend the machinery of business for material progress, the greater will be the danger if it is not governed by the spirit and will for service—if it is not religiously directed and controlled.

AN EXPERIMENT IN INDUSTRIAL DEMOCRACY

DOROTHY NORD-HOLT

Forewoman
The Columbia Conserve Company

Miss Dorothy Nord-Holt was born in Indianapolis in 1901.

Her father was born in Germany, very near the Holland border. He served in the German army, but came to the United States as a young man and worked for a German truck-gardener, whose daughter he married.

Her mother came to this country as a small child.

Her parents have always been in comfortable circumstances, but, following the traditions of the German truck-gardeners that much schooling, especially for girls, is unnecessary, she began her industrial life after one year of high school. However, as she was naturally studious, by serious reading she gave herself an education much better than most college graduates have; and after a few years at manual work, stimulated by her reading and by many Y.W.C.A. conferences, she began to question the present industrial order. Her early contentment with the paternal attitude of the wholesale drug-house where she worked for several years changed to rebellion, until finally she associated herself with the Columbia Conserve Company. She became forewoman for that company about a year ago.

She is one of the most fearless and radical members of the council, and always is among the vanguard which urges the more timid workers to make deeper experiments contrary to the traditions of the capitalistic system.

AN EXPERIMENT IN INDUSTRIAL DEMOCRACY

A. D. N. Holt

Many names have been applied to experiments such as that being made at the Columbia Conserve Company, in Indianapolis, among them, Industrial Democracy, Employee Management, and Democratic Control. Whatever the title given, there seems to be a very real movement in industry toward giving the workers themselves some voice in the management of their working-day affairs.

The Columbia Conserve Company is a canning industry capitalized at $400,000, doing approximately $1,000,000 worth of business in 1925. It has been in operation since 1903 and is at present owned for the most part by three brothers; namely, Norman, Hutchins, and William P. Hapgood. Because of the keen interest of these brothers in the possibilities of new and better human relationships in industry, and their belief that the management of the business should be by those who work in it, and by the largest possible number of such workers, they decided to turn over the management of the company to them.

William P. Hapgood, the only member of the family who is actively connected with the business,

called all the workers together in April, 1917, and outlined to them what the owners proposed to do and asked them to consider the plan. It was accepted, though at first there was a good deal of skepticism on the part of the employees. They thought there must be a catch in it somewhere—just another scheme to get more work for nothing—although they had always been very fairly treated under the management of the Hapgoods.

The first step taken to carry out this new plan was the creation of two committees. One was elected by the factory force and consisted of ten members. The other was appointed by the management and had three members. The appointed members were William P. Hapgood, who was president, the factory superintendent, and one other, representing the office force. These committees could meet separately or jointly, and in each case a majority vote ruled. No subject was excluded from the consideration of this group that related to the plant as a whole, whether it concerned wages, hours, working conditions, or general problems of factory management. In the beginning Mr. Hapgood retained the power of veto, and the plant council was somewhat in the nature of an advisory committee. At the end of the first year the distinction between the factory and the office committees was abolished and one council was elected for the plant as a whole. It happened that those chosen were the more experienced persons, chiefly

the heads of departments and their assistants, which again seems perfectly natural.

There followed several years when changes were being gradually made in the methods of election and in the constitution of the council, as the group learned more and more how to handle its own problems. In 1921 membership in the council was offered to "qualifiers." That is, any salaried employee by attending eight consecutive meetings could become a member. At the same time, it was voted that any member should be dropped who had been absent from two consecutive meetings without a proper reason. Up to this time the board of directors had retained the power to act as a check on the actions of the council, but by now the other members of the Hapgood family had voluntarily withdrawn from the board and had been replaced by salaried employees of the company. Now only nominal powers are exercised by the board. The complete and final determination of all company policies rests with the council. Finally, in 1923, we reached the stage of the operating plan which is in force at present. It was decided then that any employee—whether a wage-worker or a salaried worker—could become a member simply by attendance at a meeting. There were no qualifications to be met, and he had the right to vote on any question brought up for discussion at the first meeting he attended. There is only one check put on this method of conducting the business.

If, in the judgment of any salaried council member who has been a member for a year or more, an unwise decision has been reached, he can call for another vote on the question, at which time only those members who have served a year or more may vote. I believe this safeguard has been used only twice since the plan became operative.

In addition to the regular council meetings, which are held on the first and third Friday nights of each month, after a supper which is served free by the company, we have held, since the fall of 1924, another type of meeting. This is called the factory meeting and is held on company time once a month; this is done to give every employee a chance to get his suggestions or grievances out into the open. There are some who, because of family duties or for some other reason, find it impossible to attend the regular evening meetings, and the factory meeting provides an opportunity for them to participate. It really serves as a training-school for the council and tends to stimulate interest in the management of the business for some who would not otherwise be reached. The chairman for this group is elected by the group, as is also a secretary. Any motions, suggestions, or grievances which are brought before these factory meetings are taken by the chairman to the council for action, and a report is given to the factory meeting of the council's decision.

Under this plan, which has developed slowly through the nine years since its inception, the workers,

as a group, through the body called the council, do really manage the business. Since no one is excluded and a majority vote rules, they do it democratically. There has been a steady growth in attendance at council meetings and an increasingly larger number of participants in the discussions. This lengthly history of the development of the council has been included purposely to point out the fact that any experiment of this nature requires a long educational process and cannot be accomplished quickly. We, at the Columbia, know we have not learned nearly all there is to know about coöperation. We are keenly aware of our lacks along certain lines and are eager to keep on improving that which has been accomplished.

What, then, has been done during these nine years of this kind of management? In the first place, there were three features to the plan; namely, the substitution of salary for wages, a system of profit-sharing, and a provision for an increasing and ultimately complete control of the concern by those directly engaged in production rather than by absentee stockholders. Some of the ways that the council has handled these problems and some of the results achieved thus far are as follows:

Substitution of salary for wages means that when an employee is placed on salary he is given a certain amount each week regardless of the number of hours he works. As long as his services continue to be satisfactory he is retained by the year. Thus a

salaried employee has a guaranteed income and loses nothing when he is compelled to be absent because of sickness or for other reasons. He is given a vacation based on length of service, a week for each four months' service on salary during the year. It is the aim of the council to place every one on salary who is likely to be retained on the pay-roll for the entire year. No one can be placed on salary except by action of the council, and each individual must prove himself to the group worthy of a salaried position. Also, no salaried employee can be dismissed from the service of the company except by action of the council. This protects the workers against the old autocratic "boss" system of hiring and firing. While we still have wage-workers who are paid by the hour, they are for the most part the casual workers who are hired during the tomato packing season and who can be retained for only about three months of the year.

At the present time we have about one hundred salaried employees and three wage-workers who have not yet qualified for the salary basis. This constitutes our regular force. The number is increased to about three hundred during the tomato season by reason of the highly seasonal nature of our chief item of production.

Each salaried worker is placed absolutely on his own honor so far as his attendance is concerned, and no time is deducted for any absence. If any one feels that another employee is not playing the game squarely with the group, he is in duty bound to pre-

sent the case to the council for action. The worker if found guilty can be penalized by that body in any manner it sees fit. There are remarkably few cases of this; it is too hard to get away from the criticism of your fellow-workers. More than that, *most* people do have a great deal of *honor* when given the opportunity to exercise it. Once a group gets the idea straight that "it 's *our* business and *we* must make it go for we are all copartners," they are likely to do their level best to *make it go!*

All salaries are decided by the council and for the most part are set according to the relative difficulty of the work performed. We have a scale of salary groups into one of which each person is placed. There are ten of these groups, and the minimum salary is $18 per week, while the maximum is $100 per week. These groups range from $18 through nine gradual steps to $30, while the tenth one is called "special" and is divided into three parts. In this tenth group one part includes persons holding special jobs which cannot be classified by comparison, such as department heads, salesmen, and buyers; another part takes care of girls between the ages of sixteen and eighteen, whose working day is limited by law; and the third part covers cases when the needs of the individual rather than his productive ability is the deciding factor.

Next in line is the consideration of hours, which is a big problem in any seasonal occupation. One of the unusual features of our plan is that every one

works the same number of hours whether he be in office or factory. Very early in the life of the council this was made a rule, and it caused nearly the entire office force to resign before the first year was over. They felt the indignity of working the same hours as the factory force too great to be borne. Several attempts were made to replace these workers with people from the outside, but they also left, and so it was decided that we should have to draw volunteers from the factory force. We selected the most promising candidates and sent them to school and in this manner manufactured our own office force from people who were in sympathy with what we were trying to do. This was done in the case of the bookkeeper. The man selected for that post was a shipping-clerk. He was sent to day- and night-school for a period of intensive training and then assumed the bookkeeping job. He is at present treasurer of the company as well as head of the bookkeeping department and a very efficient man in both positions. His assistants have been selected and trained in the same manner. There are other similar instances, and in each case the persons thus developed are as efficient, if not more so, than the ones they replaced. This does not mean that all of our present office force has been or must be developed in this way, but the thing has been done and can be repeated.

There are times during the year when our work is very light, and there is also a time when it is extremely heavy. During the tomato season, which

usually lasts about six weeks, it is not unusual for the plant to operate sixty or seventy hours a week under a heavy strain. The salaried force is not paid overtime for extra hours, but wage-workers are. If the office force finishes its work for the day before the plant does, the office people go out into the factory and work until the whole force is finished for the day. Then during the slack season the hours are reduced just as much as they safely can be. The regular working week now is forty-five hours—nine hours a day, five days a week—leaving the week-end free for rest and recreation. The council decides the length of the working day in accordance with business conditions and tries to make the schedule as easy as it possibly can. When there is overtime it is very cheerfully done by the entire group. They realize that it is necessary when required.

Then there is the matter of organization. This too is entirely in the hands of the council. Department heads and sub-heads are chosen by the council. So also is the placing of salaried workers in departments and the transferring of workers from one department to another; that is, if the transfer is not merely a temporary one. In this way the entire matter of promotion and demotion and all other personnel problems are placed in the hands of the entire group, rather than with a few persons, as is the usual custom. It has been customary during the past nine years to hold what is known as a series of personnel meetings the first of each year at which

time the entire force has been gone over individually and each department has been carefully considered as to the strength and weaknesses of its organization. In January, 1925, we held a two-day personnel conference devoted entirely to considering the organization of departments. It might seem that a group of people would not be as ready to act fairly in matters pertaining to this phase of the business and might be influenced by personal prejudice. This has not been true at the Columbia Conserve Company, for the council has not hestitated to take action even though it meant the demotion of some one universally liked, when such action became necessary.

As for the profit-sharing feature, the first plan provided for the division of profits equally between common stockholders and workers. The amounts paid to the salary pay-roll were issued according to individual incomes. In January, 1925, a proposal was offered by the major stockholders to the workers which makes possible the purchasing of the common stock of the company by the council out of the profits of the business.

This new proposal provides for a 10 per cent cumulative dividend on common stock, and the same percentage on the salary pay-roll, which is not cumulative. Then 10 per cent of the remainder of the profits is to be set aside for a pension fund. Any money remaining after these three provisions are met is to be used to buy outstanding common stock, that which is held by absentee stockholders to be

bought first. This stock as it is bought will be held by the council in a trust fund, and the ownership of the business is to pass into the hands of the council when 51 per cent of the common stock has been purchased by it.

That is where the experiment stands to-day. In summary, our industrial platform, containing eight planks, is as follows:

(1) Full-time employment.
(2) Full protection against accident, sickness, and old age.
(3) Minimum wage.
(4) Maximum wage.
(5) Profit-sharing.
(6) Abolition of absentee control.
(7) Workers' control.
(8) Workers' ownership.

In the first few years of this experiment the problems handled were the simpler ones, centering mostly around wages, hours, and working conditions. In the course of years, under the leadership of William P. Hapgood, who has tried to carry the group with him as fast and as far as it was capable of going, and whose opinions are valued very highly, the council has developed in a very marked way until to-day it could probably carry on without him if necessary. His influence has never been paternalistic; he has tried continually to get the workers to take more and more responsibility, until now matters of

finance, sales, and even other more difficult problems of management are within their grasp and are being solved by them.

These workers are not a specially selected group of highly trained persons but the same average kind of folks to be found in any industry. Most of them have only grade-school educations, but, like most workers in industry, they are capable of learning when given the opportunity. Realizing the need of more education and broader knowledge of affairs outside our own four walls, the council decided to hire a full-time instructor who would work in the plant during the day and in the evening teach the workers who were interested. Mainly to give us a better understanding of our own problems and our relation to the outside world this instructor will teach us social philosophy and the background of the industrial revolution and other subjects which will benefit us in our problems regarding human relationships. This position has been offered to a young man in Wales who has been teaching the miners along the same general lines. Further, about two weeks ago it was voted by the council to appropriate a sum of money to be used to establish a circulating library of our own at the plant.

Has the experiment been successful? If nine years of successful operation prove anything, then it has been, for figures prove that the plant is 150 per cent more efficient on the economic side than it was before

1917. The workers feel that the human-relations side proves the case even more conclusively.

As Mr. Hapgood once put it in a letter to another industrial leader:

> What *is* the goal for which labor is striving? Labor is trying to get just a little freedom, such a pathetic little freedom. Freedom from the domination of those who own, freedom to direct their own lives, freedom from the involuntary servitude of their mechanical lives, freedom to do some creative work. The desire for freedom is one of the strongest urges of the human heart, and it cannot be denied. Industry must accept it or perish.

Experiments like that of the Columbia Conserve Company are pointing the way toward the day of such freedom for millions of workers in industry who are to-day virtually slaves.

INDUSTRY AND HUMAN NATURE

WILLIAM POWERS HAPGOOD

President
The Columbia Conserve Company,
Indianapolis, Indiana

William Powers Hapgood is the president and general sales manager of the Columbia Conserve Company at Indianapolis, Indiana.

Born in Chicago, on February 26, 1872, he was taken to the small town of Alton in the southern part of Illinois, where his early boyhood was spent.

Graduating from Harvard University with the class of 1894, he became a clerk for the wholesale grocery firm of Franklin-McVeagh Company, of Chicago. He remained with that company until 1903, when his family purchased a controlling interest in the Mullen-Blackledge Company, of Indianapolis. A reorganization of this concern was effected in 1910, and the name was changed to The Columbia Conserve Company. At that time he was elected to the presidency, and also made sales manager, which positions he has held ever since.

Primarily interested in better human relationship in industry, he has steadily gone forward along the path of industrial democracy and has been chiefly responsible for the experiment which is being tried by the Columbia Conserve Company now.

Since this experiment is almost unique and does seem to point the way to a better industrial order, it has attracted a great deal of attention in this country and is also known abroad. Because of this, Mr. Hapgood has been much in demand as a speaker before interested groups. He never fails to give as much time and energy to these engagements as the business will permit, hoping thereby to spread the idea of the reasonableness and the effectiveness of the doctrines of democracy in industry.

INDUSTRY AND HUMAN NATURE

W. P. Hapgood

Generally speaking, very few ministers have attempted intimately to relate the teachings of Jesus to the daily lives of the people. It is mainly because of this failure that the church has lost so much of its appeal to manual workers and to the small group of people called "intellectuals." Because the first group includes most of those who are financially unfortunate, the church does appeal to them in so far as it gives them some comfort of assurance that they will gain hereafter recompense for what they miss in this life; but this appeal is altogether less powerful now than it has been in the past, and it seems to be rapidly losing strength, so that one hears frequently the complaint that manual workers do not attend church.

So far as the intellectuals are concerned, they are not as a class interested in the church because the church does not concern itself with a careful analysis of the facts of daily life.

What can the church do to change this situation? The most important thing is that ministers inform themselves as to what is happening in industry. At

present most of them naturally take the point of view of the wealthier class, because most of the influential people in their churches belong to this class. The little information which they get on the outside which suggests that industry is in bad order is either totally disbelieved or largely discounted. It will take time, patience, and care to get the facts, but they can be secured by those preachers who believe it is important to know what is going on in industry. They can procure this information either directly by their own efforts or indirectly by the efforts of their own children. For centuries the church has been interested in sending missionaries into the "foreign fields." The converting of a pagan to Christianity has had a tremendous call, and to satisfy this call, missionaries have been sent into the so-called backward countries of the earth. But the most fruitful mission fields to-day are at our own doors—in the coal-mines, in the five-and-ten-cent stores, and in most industries, large and small. If the ministers would advise their own children, or other young people who wish to become missionaries, to go into hard manual labor, working underground with the miners, or in the lumber-camps of the Northwest, or in the steel-mills, these young missionaries would bring back to the church the information it needs in order to enable it to know if industry is being conducted at all in accordance with the New Testament precepts which they preach.

Next to love, the most potent influence upon per-

sonality is freedom. Freedom permits its possessor to do creative work, which leads to a more abundant life. Any one who is acquainted with industry knows that is it not free. About 95 per cent of the people involved in it are virtually serfs. Workers have almost no voice in the determination of their own industrial affairs, those affairs which have a tremendous importance upon their physical and spiritual well-being. So long as this system remains, that is, so long as the great majority of people spend more than half of that part of the day in which they are awake, in a situation which not only does not stimulate them, but which on the contrary deadens them, society is in danger. It is quite unnecessary to give proof that workers are not favorably impressed by the environment in which they work. Almost any one whom you overhear talking in hotel lobbies or on trains, almost any industrial leader with whom you may talk about the conditions in his shop, complains bitterly of the attitude of the workers. All of them seem to place the blame on what is loosely called "human nature"; that is, on the belief that man is innately brutish or at least unmoral. Such men think that the only way to change conditions temporarily (none of them think they can be changed permanently) is by force; that is, by an autocratic system under which the workers are penalized when they do not work as the employer thinks they should. These very same men know, however, that they themselves could not work to advantage in such a situation, that

their personalities would be warped by such an environment.

If we admit that an opportunity for creative work is most essential to the development of personality, it follows directly that in order to develop personality in industry the workers must be admitted into its government. To what *extent* they must be admitted is not essential in the beginning, but it is most essential that a start should be made in that direction. Probably if such a start is made, it will ultimately result that the workers will gain more and more voice in industry until perhaps in the distant future they will control it.

I know that virtually every one to-day believes that workers cannot manage their own affairs. I know that such experiments have failed in the past, but it does not necessarily follow that they must fail in the future.

John R. Commons, of the University of Wisconsin, in the November issue of the *Atlantic*, writes as follows:

> In every case that I know of, and in every country, where working men have formed the so-called Producers Coöperatives, in order to become, as they say, their own employers, and have thus elected their own foremen, superintendents, and directors, they have failed. Labor as a class is incompetent to elect a boss.

In this same article he shows quite clearly how Ricardo and Marx reached false conclusions by not

knowing all the facts, and yet Mr. Commons makes a dogmatic statement simply based upon the few experiments that have been made in the past. No doubt he would say as so many others say, that it is "human nature" that workers are incompetent, that is is "human nature" that they cannot elect their own bosses. I contend that neither Mr. Commons nor any one else is justified in making such a statement based upon the negligible number of experiments that have been made along this line in the past. When industry has made one tenth of one per cent as many experiments in human relations as it has made in the mechanical and natural sciences, it may have some reason to believe that it knows something about how human beings will act under certain conditions in industry. Capitalists and employers have been immensely adventurous in dealing with things, but they are as timid as children with reference to dealing with people. Thousands of men can be courageous in the face of physical danger, who lack the courage for an adventure in human relations. Never have men endured risks for greater stakes than when they have adventured for "good will among men," but how many men are willing to do this in industry? They defend their timidity by saying that industry is a practical science. Ministers, teachers, surgeons are willing to devote a large part of their lives to service, but when a man does that in industry he is called a fool. Man is considered less human in industry than he is in other occupations. Can he be

Christian only in the church, and must he always be pagan in the shop?

Recently when I was talking before a group of about forty ministers in an Ohio city, in reply to a statement of mine that the more productive units in industry should not be paid much more than the less productive, one of them said it would n't work because it was n't in accordance with human nature. I asked him: "Why do you remain in your profession when you can get more on the outside? Why do you assume that you are better than I because you are in the ministry and I am in industry? Is it not because you and others have permitted industry to set for itself a false goal, because you have been willing to say to those men in secular occupations, 'We will not measure you in accordance with the standards which we mete out to ourselves'?" We know that when society sets a certain valuation on a certain kind of conduct, accepting that conduct at that valuation, that conduct will not change. If we accept the thief merely as a thief, he remains a thief. A few years ago when society concluded that every female worker in a canning factory and every waitress in a shop was a prostitute, many of them were such. It is equally true that as long as society, including the church, believes industry must be pagan, it will remain pagan. Can the church teach a new evaluation of industry? Or will it wait until here and there a few men in industry, finally aware of the great delusion that the chief incentive in industry is profits and not service,

lead industry out of servitude? Fortunately this movement has already started, though very few are aware of it. Many industrialists are beginning to appreciate the necessity of a different relationship between those who own property and those who work for them, and some of them realize how much more stimulating and adventurous human relations in industry are than material profits.

It happens that I have been concerned with a small industry which for nine years has had as its chief goal the development of its employees. I can say from personal experience that the thrill of such an experiment is worth infinitely more than the excitement which comes from profit-making. Furthermore I can say from experience that the contention made by Professor Commons and others is not inevitably true. Certainly it is not so with the experiment with which I have been connected. During the course of nine years we have developed out of the ranks of manual labor a group of technicians who are running our plant much more effectively now than it was run under the autocratic system prevailing nine years ago. Mr. Commons, to be sure, has not said that manual laborers cannot be developed into technicians, but he has said that manual laborers cannot govern themselves. I deny this absolutely. After an apprenticeship of some years, the workers in this company have taken over complete control of the management of the business and now decide all questions pertaining to it. At the very time I am dictat-

ing this letter, about fifty of our workers are sitting in conference together to decide, absolutely uninfluenced by me or by the other owners of the business, which of two contracts offered them by the major stockholders they will accept. Both contracts look to the complete ownership of the business by the workers, but differ somewhat in the steps leading thereto. No more important contract than this could be considered by any group of men, whether workers or managers. Nine years ago this group of workers began to decide the length of their working week, set their own wages, selected their own leaders, including their superintendent and their manager, and finally came to consider matters of finance. We have not definitely proved our case to such an extent that this business may not fail, surrounded as it is by a capitalistic environment, but we have definitely proved that under this system our efficiency has increased approximately 150 per cent and that our business is much more profitable than it was nine years ago. Whether this system will endure, only the future will tell, but any one who considers that others are approximately as virtuous and intelligent as himself when brought into the same environment will have confidence that this relation will succeed. Of course the man who believes that almost everybody else is a moron or a crook will think such an experiment absurd.

In my judgment, industry, like government, cannot remain half slave and half free. We must

achieve in industry Lincoln's definition of democracy: "Of the workers, by the workers, and for the workers." What does this mean? If I were to translate it into a platform, I would state it as follows: (1) full-time employment; (2) full protection against sickness, accident, and old age; (3) minimum wage; (4) maximum wage; (5) profit-sharing; (6) abolition of absentee control; (7) workers' control; (8) workers' ownership.

In this platform you will notice that the fourth plank speaks of a maximum wage. I can think of no really effective producers' society in which the leaders would take very much larger compensation than their associates. You will remember Jesus answered his disciples when they were quarreling among themselves as to who was the greatest in these words: "Whosoever will be chief among you, let him be your servant." The greatest among us are those who render society the most service and not those who make most out of society.

Bassi wrote:

> Measure your life by loss instead of gain,
> Not by the wine drunk, but by the wine poured forth.

Recently I have had some correspondence with the president of an Ohio college, and he writes as follows:

> I am not in agreement with your ideas of compensation irrespective of service rendered. I think that such a posi-

tion cuts across fundamental qualities of human nature and character, also cuts across social well-being. I think that it is to the well-being of society that the more productive units of society should be given more favorable opportunity for survival and increase.

I replied to his letter as follows:

I do not see why compensation in the sense in which you use it, namely, money compensation, should be applied only to industry. Of course you know that in many services the measure of a man's success is not in money compensation. In my judgment it is because this kind of compensation has been used as its only measure of success that industry is so fundamentally unmoral. I can see no reason why human nature should act differently in industry from what it does in the ministry, in surgery, or in your profession. I feel quite confident that you are not receiving in money compensation from your present work what you could get on the outside. If that is the case, why is it? Is your nature any different from mine because I am in industry? I quite agree with you that the more productive units of society should be given more favorable opportunities for survival, but how can we tell if certain units are more productive until we give them a favorable opportunity? You know that there is very little opportunity given the average man in industry for survival, in the sense in which you have used the word. Our fundamental objective in trying our experiment is to accomplish just that.

Kipling, in "The Explorer," wrote:

"There's no sense in going further—it's the edge of cultivation,"
So they said, and I believed it—broke my land and sowed my crop—
Built my barns and strung my fences in the little border station,
Tucked away below the foothills where the trails run out and stop.
Till a voice, as bad as Conscience, rang interminable changes
On one everlasting Whisper day and night repeated—so:
"Something hidden. Go and find it. Go and look behind the Ranges—
Something lost behind the Ranges. Lost and waiting for you. Go."

. . .

Yes, your "Never-never country"—yes, your "edge of cultivation,"
And "no sense in going further"—till I crossed the range to see.

. . .

Anybody might have found it but—His Whisper came to me!

COÖPERATIVE MANAGEMENT WITH THE LABOR-UNION

BENJAMIN MARK SQUIRES

Reading of Mr. Squires's activities in the labor world reminds one of Dr. Oliver Wendell Holmes's observation that he occupied, not a chair, but a settee in Harvard University.

A list of Mr. Squires's connections is very interesting reading: Special agent, United States Bureau of Labor Statistics, 1914-16; commissioner of conciliation, United States Department of Labor, 1916-20; member Alaskan Board of Mediation and Arbitration, 1916; administrative member and chairman, New York Harbor Wage Adjustment Board, 1917-18; executive secretary and advisory member, National Adjustment Commission, 1919-20; statistician and assistant, Employers' European Commission appointed by the United States Department of Labor, 1919; lecturer on industrial relations, Columbia University, 1919; chairman Trade Board, Men's Clothing Industry, Chicago, 1921—; investigator, United States Coal Commission, 1923; lecturer on political economy, University of Chicago, 1924—; chairman, Unemployment Insurance Fund, Men's Clothing Industry, Chicago, 1925—.

In addition to his activities in the interests of labor, Mr. Squires has written on the following subjects: Operation of the Canadian Disputes Act; Labor Cost and Productivity in the Lumber Industry; New York Harbor Employees; Peace along Shore; Coastwise Shipping Menaced; Associations of New York Harbor Boat-owners and Employees; New York Harbor Strike; New York Harbor Wage Adjustment; Strike of the Longshoremen at the Port of New York; Women Street-Railway Employees; Marine Workers' Affiliation of the Port of New York; Waterside Workers in the United Kingdom; Demobilization and Resettlement in the United Kingdom; Reabsorption of Labor and Unemployment in the United Kingdom; British Labor Exchanges and United States Employment Offices; Joint Shipping Industrial Conference; the National Adjustment Commission; Longshore Labor at the Port of New York.

Mr. Squires was born in Wisconsin and received the degree of B. A. from the university of his native State. He also has a Ph. D. from Columbia University.

COÖPERATIVE MANAGEMENT WITH THE LABOR-UNION

BENJAMIN M. SQUIRES

Of utmost significance in the field of industrial relations is the recognition by capital and labor that many of their differences, so-called, are not irreconcilable. The question of what share each shall have of the wealth produced is still a matter of dispute and doubtless will continue to be, but the area of controversy has been limited sharply and the issues have been more clearly defined. The opposition of labor to the introduction of machinery and improved methods of production generally has been overcome in considerable degree. The feeling on the part of management that its problems cannot be understood by labor and that labor's only interest is to produce less for more wages is being dissipated. Both management and labor appear to have accepted the view that high wages and a high standard of efficiency are somewhat related. What might be called a moral partnership in business is developing here and there, and may be said to mark a new era in industrial relations.

It is not my purpose to explore in detail the processes by which this change in the attitude of capital

and labor is being accomplished. It may be said in passing that war made of coöperation a vital need. It gave an impetus to large-scale organization of labor and capital. Labor found itself possessed without a struggle of many of the things it had been fighting for and could afford to turn its attention to other problems. Leaders of labor and of business who had never met before sat at the same table and discovered common interests. Respect and confidence developed from such contacts. The need for coöperation continued to be imperative as industry began to adjust itself to peace-time conditions. The depression made for abrupt retrenchment, wrecked many businesses, left millions unemployed, and forced attention anew upon conditions which hinder industrial progress.

These are some of the recent influences making for coöperation. They should not be permitted to overshadow the preparation of industry for the event. Coöperation has long been an expressed principle of action, though at times it may have seemed no more than a pious wish. Long before the war, labor learned from bitter experience that resistance to improvements was not only costly but futile. Many employers had learned the value of good will in dealing with labor and were trying to secure it. Embodied in trade agreements or in the preambles to such agreements have been professions of belief in peaceful adjustment, the intent to coöperate, to recognize and safeguard rights. Leaders on both sides have sought

to relieve industry of the never ending cycle of dislocation and readjustment and have preached the doctrine of coöperation as a sound practice whether business was good or bad.

Experiments in the field of coöperative management have been watched closely and have been fruitful not only in overcoming prejudices but in making for enthusiastic response. The most outstanding of such experiments is to be found in the men's clothing industry. It is outstanding because of its accomplishments, but these are the more remarkable because of the obstacles to be overcome. A sweated industry, immigrant workers in large numbers, women workers aggregating fully 50 fifty per cent, autocratic control by management, stern competition accentuated by the relative ease with which new shops could be organized, innumerable small shops, an industry spread over the greater part of the country—these are some of the barriers which were faced and, in large measure, surmounted.

For the purpose of this analysis the development of industrial relations in the men's clothing industry must be traced from 1910, when a bitter strike of four months' duration occurred in the shops of Hart, Schaffner & Marx, of Chicago, the largest manufacturer of men's clothing in the country. The strike was conducted by the United Garment Workers of America. During the strike, leading Chicago citizens interested themselves and assisted largely in working out an agreement providing for the adjustment

of grievances by a committee of arbitration. The attitude of the firm itself was most helpful. Despite the feeling at the outset that the strike was an act of ingratitude, the firm faced squarely the reasons for discontent and entered whole-heartedly upon the task of bettering its relationship with the workers. Without this support by the firm the experiment thus begun might well have proved a dismal failure.

It was not contemplated that permanent arbitration would be created or required. The agreement on this point provided that the arbitration committee "shall fix a method for settlement of grievances, *if any*, in the future." The company itself created a labor department to take general charge of all its dealings with employees. Grievances requiring reference to arbitration became so numerous, however, that in 1912, on the recommendation of the arbitration committee and others, a court of original jurisdiction—the trade board—was created to pass on complaints not involving basic principles of the agreement. Rapid progress was made in the elimination of abuses and the establishment of rights which dignified the relationship between management and labor.

In 1913 the agreement was renewed for three years, with recognition of the principles of preference to members of the United Garment Workers of America. Shortly thereafter a split occurred in the ranks of the union. A new organization, the Amalgamated Clothing Workers of America, came into

being, with Sidney Hillman—formerly a cutter at Hart, Schaffner & Marx—as its president. The new organization was without funds and with limited membership, but it had faith and enthusiasm, an indomitable spirit, and a favorable opportunity for the development of constructive leadership.

With the advent of the World War, accompanied by unbounded prosperity, expanding industry, rapidly mounting prices, profits, and wages, a shortage of labor, the stage was set for a rapid increase of union membership in industry generally. When this country entered the war in 1917 the policy of the Government in recognizing organized labor was a further aid to organization. The period from 1915 to 1919 witnessed a growth in the membership of the Amalgamated unequaled in labor history in this country. By 1919 all the important markets had signed agreements with the Amalgamated and had working arrangements patterned after, if not paralleling, that begun at Hart, Schaffner & Marx. Hours had been reduced to forty-four a week. Wages were raised to a point comparable with the best conducted industries. A body of rules and practices designed to protect the interests of workers and management had become a part of the working agreement.

Although taking advantage of the opportunity to extend its organization and to improve the status of its members, the Amalgamated was tolerant in the exercise of its newly acquired power and did much to stabilize the industry. It used all its influence to

prevent job-grabbing and job-baiting. It forced contractors to maintain conditions prevailing in the shops of manufacturers. It advised against an over-expansion of the industry. It subscribed to a system of impartial boards and gave them power to decide disputed issues. Only an organization sound basically and led by men of vision could have done this.

Coincident with the organization of the various markets by the Amalgamated, manufacturers began to set up organizations somewhat comparable. Market committees were formed. Each of the larger houses employed a labor manager, who devoted his entire time to the labor problems of the house. The smaller houses worked out an arrangement whereby one labor manager served several houses. In 1920 the markets were loosely united into what was known as the National Industrial Federation of Clothing Manufacturers, the purpose of which was primarily to keep the several markets informed and to secure unified action in treating with labor. Like many associations of employers, the market organizations, and the Federation in particular, have not developed the unity of action that labor is able to develop. What should be problems for the entire industry to tackle, or at least for an entire market, are set aside frequently for the more immediate needs of the individual plant. The organizations have, for instance, been unwilling, or unable, to approach some of the major problems of distribution. This is a goal for the future and one which must be kept in

mind by labor as well as by capital if the industry is to prosper.

Whatever test the new arrangement for collective action in the industry may have been subjected to in the period from 1915 to 1919 is insignificant in contrast with the test from 1920 onward. The industry was greatly over-expanded by 1919. Some super-authority would have been necessary to prevent the expansion, and that authority was not in evidence. By the end of 1920 the industries of the country were in the throes of a general depression. In addition to sharing in the general industrial depression, the clothing industry appeared to be faced with what has been termed a buyers' strike. For this condition the industry itself was partly to blame. During the boom, production was speeded up, sometimes at the expense of quality. Prices were unnecessarily high. Retailers and customers were very much at the mercy of the manufacturer. Anything sold. When the prices of other commodities began to fall, the price of clothing did not at first fall proportionately. Employers blamed the union for not agreeing to wage cuts. The union felt that the rate of profit would permit a cut in prices without disturbing wages. Consumers blamed the industry for not doing its share of deflating.

So sharp was the decline in business and the increase in unemployment that in a wage case heard early in 1921 the board of arbitration awarded a decrease approximating 10 per cent. This cut in wages

appeared to have little if any effect on the situation. Business continued to shrink, and unemployment continued to grow. To many employers in this and other industries the moment seemed at hand to break down organizations of labor. That their efforts were attended by some measure of success is evidenced by the loss to organized labor of more than a million members in less than two years. In the clothing industry the New York manufacturers declared a lockout late in 1920 and continued to fight until the spring of 1921, when they renewed the agreement with the Amalgamated. In some of the other clothing markets sporadic attempts were made to break with the union. A few manufacturers were successful and reopened their plants as open shops. A few others moved out of town. Some manufacturers found the occasion ripe to enter the clothing industry on a non-union basis. In the meantime the industry continued the process of liquidation. Some concerns went into bankruptcy; others realized from the situation what they could and ceased to operate.

In 1922 in response to urgent representations of leading manufacturers the union accepted a wage decrease of about 10 per cent voluntarily. This did not stem the tide, but early in 1923 industry generally showed signs of activity, and the clothing industry was quick to respond. For the first time since 1919 all the workers in the industry were employed, and there was an actual shortage in some departments. The union asked for and received an increase

of 10 per cent, part of the increase in the Chicago market being diverted to the creation of an unemployment insurance fund. Before the year was over another depression set in, and again in 1924 the Chicago manufacturers asked for a wage reduction.

The response of the Amalgamated to the 1924 demand for a general wage reduction was to propose that the problems of individual concerns be considered on their merits. This led to an analysis of labor costs, shop lay-out, overhead, sales methods, and the kind of competition which each firm had to meet. Adjustments were made which did not affect wage levels. Operations were simplified. Needless operations were eliminated. Shops were reorganized. The net result was a saving far greater than could have been realized from a wage cut and without reducing earnings. It is this sort of coöperation which marks the new departure in the relation between organized labor and management. Up to this time the Amalgamated had met emergency situations in a number of establishments, but it did not openly declare its policy. The time-honored practice of cutting wages in times of depression and raising them during prosperity seems to have made the leaders of the Amalgamated timid in insisting on the possibility of any other course. If so, they must have been emboldened by success.

In the same manner active coöperation in management has been resorted to in all markets. The industry as a whole has not recovered from the depression,

though it is much nearer to normal requirements than during the period of expansion. But in spite of the continued depression, there is little talk of a wage cut. Instead, both sides get together to discuss and meet problems as they arise. Is a firm suffering from high overhead by reason of a highly seasonal product? The union assists in introducing, and even urges, an inter-season product. Does a firm want to meet a certain competitive price level? The union attempts to meet competitive labor costs, assists in reducing overhead by taking some of the responsibility of supervision, and helps to work out the details of garment construction. Is a firm handicapped by costly and unnecessary practices? The union helps to eliminate them. Is a firm in financial difficulties? On several occasions the union has been a party to a financial reorganization and has even gone so far as to arrange for an extension of credit at the bank which held the firm's paper. All this means that the union is taken into the confidence of the manufacturer in regard to costs, overhead, profits, accounts, and business practices. It means that the union is actually participating in management and assuming part of the responsibility of the industry.

It was in the same spirit of coöperation that employment exchanges—managed by the union—and unemployment insurance were created. For several years employers in the Chicago market complained that workers sent by the union did not fit the jobs, that politics played a part in the selection of workers.

The board of arbitration went so far as to state emphatically that a grab-bag system prevailed and that a joint employment office should be set up. The union employed an outsider, the director of the Public Employment Service of Canada, to reorganize and manage its employment exchange. Jobs were analyzed. The nature of the work in the different houses was made a matter of record. The experience of each registrant was scrutinized carefully. When a call came for a worker, the worker best fitted for the job was sent. The employers were satisfied. Under the same direction exchanges are being organized in all the important markets.

When the Amalgamated first broached the subject of unemployment insurance, scant, if any, consideration was given. Two years later an agreement was reached to establish an unemployment insurance fund by joint contributions and to administer the fund jointly, with final reference to a chairman in case of disagreement. Some employers entered into the arrangement because they believed that industry should carry the risk of unemployment. Others agreed to it as a matter of reciprocity. The fact remains that the fund was created by agreement and is maintained and administered jointly. Since May, 1924, more than two million dollars have been paid out in benefits. The drain on the fund has been heavy because of continued depression, but rules have been modified to maintain the solvency of the fund, and the experimental stage has been passed. Manu-

facturers in the New York market have agreed to establish unemployment insurance, and the agreement with the A. Nash Company, of Cincinnati makes like provision. The extension of the plan to all markets is a matter of time.

Reference has been made to the impartial machinery set up in the various markets. With the exception of a brief interlude in the New York market, the machinery has functioned continuously, though with changing personnel, since it was established. Much has been written about the work of these impartial boards and the industrial codes resulting from their decisions. As a matter of fact, the tendency at the outset was toward law-making rather than law-interpreting. The impartial chairmen were not alone responsible for this. Both sides were reluctant to make their own decisions. Dockets were flooded with cases. Decisions were cited as precedents. The chairmen became official scapegoats and were accordingly sacrificed at times. Then came a pause, and both sides took inventory. Both sides began to assume greater responsibility and to make their own decisions in matters of basic policy. Arbitration became more and more a matter of mediation and interpretation. The chairmen continue to decide many cases concerning procedure and practice, but the great bulk of complaints are adjusted in conference and by agreement, without formal decision. By the very fact of the change the chairmen enjoy greater confidence from both sides; they are in posi-

tion to counsel, to advise courses of action, and to prevent irritation. Continuous arbitration has become possible in the clothing industry because the union and the manufacturers no longer shift the burden of critical decision to the arbitrator. Here again the qualities of leadership have been revealed.

Such, in brief, are some of the things which have been accomplished in the men's clothing industry by way of coöperative management. A few of the obstacles have been cited because they are especially significant. In appraising the experiment, due credit must be given to the circumstances under which it was begun. It may be said to have been cradled in idealism. It was carried on by men who had a deep knowledge of human nature and faith in it. It was watched critically and sympathetically by those who first sponsored it. But whatever of idealism remains —and there is much—the arrangement continues because it has been found to be profitable. The need to survive may have forced coöperation—it probably did—but what has long been a principle of action has been translated into practice. Future problems will be met in the same way because the industry believes in it and because it is good business.

EMPLOYEE REPRESENTATION TO-DAY

JOHN W. RIEGEL

Research Supervisor
Bureau of Business Research,
Harvard University

Mr. Riegel served during the war in the labor department of the Naval Aircraft Factory in Philadelphia. At the close of the war he went to Harvard as instructor in labor relations, Harvard Business School, and held this office from 1920 to 1925, when he was made supervisor.

During 1924 and 1925 he conducted a first-hand study of employee representation in more than fifty companies, manufacturing plants, public utilities, etc. A case on industrial relations, edited by Mr. Riegel, will soon appear in the series of Harvard Business Reports.

EMPLOYEE REPRESENTATION TO-DAY

JOHN W. RIEGEL

Employee representation is accomplished when the wage-earners in a business organization select spokesmen from their group to deal with the company's officials regarding subjects of mutual interest. The title is used to refer to experiments that have a few external features in common but which differ fundamentally in their purposes and methods of operation.

The idea of organizing human relations within the workshop gained vogue during the World War. The then abnormal demand for labor, both military and industrial, conferred great economic power on employees. Primarily because of their strategic position at the time, they presented demands of such seriousness that the attention of business executives was fixed upon labor problems, and the executives looked about for preventive methods of dealing with labor problems.

In 1917, an English parliamentary document known as the Whitley Report suggested that labor relations be organized within business establishments and industries to bring about frequent conferences between managers and workmen. That report aroused interest not only in Great Britain but in the

United States.[1] Shortly thereafter, in this country, the War Labor Board and other federal agencies dealing with labor problems in "essential" war-time industries indorsed employee representation and put it into effect in many companies during the period of the national emergency. The spirit of the time, moreover, favored some democratic scheme that would afford workmen a voice in the determination of the conditions of their employment. The years 1918 and 1919 witnessed the entrance of many companies upon experiments with shop councils.

Many of those shop councils were intended to deal with existing labor difficulties and to make working adjustments that would continue operations from day to day without a strike. They were not adopted as permanent means to work out constructive programs, and when the period of labor shortages ended in 1920, most of them were abolished.

Some of the conferences with employees, however, were continued because they had been found to promote coöperative efforts for mutual advantage. From 1921 to 1926 the growth of works councils has continued. It has been slower than during the first period but more deliberate and better founded. Experiments begun in the second period were entered

[1] The recommendations of the Whitley Report were similar to those in a document issued by the Garton Foundation (British) in June, 1916. In this country a number of companies had established employee representation even before the date of the Garton Report. The Whitley Report focused attention on those experiments.

upon, in the main, as permanent departures from former methods of employee relations and for constructive purposes. In 1924 one research agency reported that in the United States more than eight hundred works councils were in operation and that more than a million wage-earners were represented in those bodies.[2]

In Great Britain the works-council movement rested on a voluntary basis, although the Government for some time fostered the scheme outlined in the Whitley Report. Several continental countries, notably Germany, Austria, and Czechoslovakia, have passed laws requiring the establishment of works councils in business organizations above a certain size. The voluntary basis of development is best suited to American conditions; and, because of the varying purposes to which employee representation may be put, the installation of works councils by legislative fiat is questionable in any case.

In a review of employee representation, it is necessary to penetrate externals and to seek the objectives of the arrangement as demonstrated in its operation. These purposes may be roughly grouped into two classes. The first class includes those aims which are momentary in character. These were prominent in the years before 1920. At that time, some works councils were installed to temporize with existing emergencies; another purpose was to offset the appeal

[2] National Industrial Conference Board, *Special Report No. 32*, New York, 1925.

of labor-unions by offering a substitute; still another was to advertise a company as a progressive employer. Some of the employee representation of this character established safety-valves so that employees' dissatisfaction would spend itself in harmless discussion.

The objectives of the other group are of a different sort. They contemplate that employee representation is a permanent operating plan, and that an attentive regard to employee sentiment as expressed in the works council is to be a definite obligation on the part of company officials. The constructive purposes of employee representation are: (1) to afford employees a voice in shop government and, so far as possible, to enlist their consent; (2) to interchange views and experience, that is, to educate employees in company matters of direct interest to them, and to educate executives regarding the points of view of the workers both individually and in groups; (3) to administer welfare and service activities, such as mutual aid funds, company tenements, group insurance; (4) to negotiate terms of employment.

Experiments with employee representation differ markedly in the relative importance attached to these purposes. Thus a plan intended to be chiefly educational in nature is organized and carried on in a manner quite different from a plan used mainly to negotiate wages and working conditions.

Works councils may be partizan or bipartite in their make-up. The bipartite council is predominant in the United States. Under that system, representatives

of the employers meet regularly with the employee spokesmen. There are a number of plans, however, in which the employee representatives meet separately. Even under plans which stress partizan meetings to induce unrestricted debate in the employee group, joint conference committees exist in which views may be interchanged and negotiations carried on.

Much debate has taken place regarding the power that works councils ought to have. It should be clear that in case a works council is organized chiefly as an educational agency, the question of power is entirely out of place. On the other hand, if a works council is intended to administer mutual aid funds or other welfare activities, it must have a certain degree of administrative power. Should the works council be concerned largely with matters of shop government, disciplinary measures, and production problems, it needs only the power of discussion and recommendation. Final authority to conduct a business must remain, under the economic system of private enterprise, with the executives operating it in behalf of the stockholders who shoulder the risks of the venture. That does not prevent the executives from giving the most careful attention, in their management of the plant, to the opinions of the employees.

The representatives upon a works council in which terms of employment are to be negotiated should be able to speak authoritatively for their constituents or principals and to conclude agreements, the provisions

of which then may be embodied in the contract of hire which the employer has with each employee.[3]

The uses and limitations of employee representation cannot be spoken of in general terms; they depend upon the circumstances, both personal and economic, of the particular case. A leading question in this type of experiment is whether satisfactory labor relations are essential to a firm's success. Any outsider will recognize that employees doing simple and repetitive tasks are, as individuals, of little importance to the success of a company, whereas employees carrying a large degree of responsibility for a firm's service or its property are in a different class. Thus employees who deal directly with customers, who are called on to exercise discretion in the regular course of their work, who are responsible for valuable materials or for the operation of expensive equipment, are important as individuals to the success of the company with which they are associated. Satisfactory relations with such employees are worth while purely as a "business proposition," and their employers are likely to be deeply interested in plans—such as employee representation—to improve those relations.

Two other economic considerations influencing the possibilities of employee representation are the stability of the industry and the competitive position of the individual firm. A well managed company that

[3] This statement does not refer to the so-called individual contract, which is an anti-union device, but to the usual contract of hire, which is merely an agreement regarding services and wages.

has prospects of continued success in a relatively stable industry is in a position to adopt long-run policies and to build the foundations of labor good will, through employee representation for example, with reasonable anticipation that the good will engendered will result in the further success of the company in subsequent years.

Personal factors also play a large part in the operation of an employee-representation plan. The character and views of both employer and employees are of significance. The experiment is not suited to the employer who wishes to run his business without being trammeled by the effort and delay frequently imposed by the duty of conferring with employee representatives. On the other hand, employees holding the doctrine of economic class warfare do not react favorably toward employee representation. They view any concessions granted through its channels as the belated return of some of the fruits of exploitation, and they feel slight interest in the program as a coöperative effort for mutual advancement.

Employee representation in shop government has had small success in those plants whose administration is not of a high order. In several such instances junior executives really have not had the opportunity to deal adequately with personnel problems. The supply of raw materials, the operating condition of equipment, the adequacy of tools and instructions—in a word, working conditions—have been so unreliable, from the employees' standpoint, that em-

ployees had grounds for many complaints which the management was unable to correct. In such cases, employee representation had an adverse effect upon administrative relations and aroused the opposition of foremen and superintendents. This experience justifies the statement that employee representation is not of itself sufficient to improve business administration; employee representation can simply bring difficulties to light, and the correction of the difficulties must depend largely on the ability and the open-mindedness of the management.

As an educational device, employee representation is limited if unattractive circumstances lie in the background. The subject-matter to be discussed and the personalities to be revealed in an educational program will condition the effects of that program. If matters that normally would be the subject of inquiry on the part of employees would, when explained, be inexcusable from their standpoint, it would be better for the employer to correct the situation before inviting frank discussion.

The success of employee representation in the administration of welfare work is conditioned basically by the needs of the welfare program. Perhaps the chief advantage of employee representation here is the greater certainty it gives that the welfare facilities established will provide for genuine needs on the part of the employees and do so in ways that meet their approval.

The objectives already mentioned are concerned

chiefly with rendering a working force a more harmonious and productive group. Through joint conferences, organizations have corrected employee grievances and unjust or discriminatory supervisory methods. Works councils have become essentially staff departments of the directing organization, for they have afforded executives counsel regarding proposed shop regulations, as well as regarding the labor policies that are in force. Employees, through works councils, have obtained information bearing upon the prospects of employment and earnings, as well as information concerning the work of branches of the business other than those in which they were engaged. In some cases, officials have broadened the scope of discussion to include marketing problems, in addition to matters of production technique, costs, and economies. In all of these respects the works council is a device to bring about better coöperation between the individuals associated in a business, and therefore to improve the productive capacity and the earning power of the organization.

The other phase of the labor relationship, namely, its aspect as a contract, has received more attention from the public than the productive phase to which reference has just been made. Perhaps this is due to the fact that labor controversies are better news than are the day-to-day productive relations between people in industry. It is clear that any plan which improves the relations between coöperating individuals in business organizations tends to increase the

commodity income of society and is beneficial to all economic classes or groups. On the other hand, when looking at the labor relationship primarily as a contract, and when thinking in terms of economic classes or income groups, one is likely to think largely in terms of the diverging interest of employers (buyers) and employees (sellers).

With reference to its use as a means for negotiating wages, employee representation can be criticized, and sometimes with justice, as being less effective either for the employer or the employee than some other method of dealing. As contrasted with the individual relationship between employer and employee, a works-council plan undoubtedly tends to result in more favorable terms of employment for the wage-earner. It affords him spokesmen against whom the company has promised not to discriminate for action taken in good faith in their representative capacity. The plan in some companies is operated so that employee representatives have the opportunity to investigate terms of employment in other firms; thus a salutary degree of publicity is given to employment conditions and policies. The employer benefits from employee representation in having at hand representative machinery which will acquaint him with dissatisfaction concerning terms of employment, and which will aid in correcting maladjustments in wage rates before bitterness and resentment have arisen.

The chief criticism of employee representation has probably come from those who believe in collective

labor negotiations and who think that the economic strength of the employee group is too narrow when that group consists only of workers employed by one company. These critics hold that employees who work for different employers should be banded together, and that thus a broad foundation is established which can support an aggressive movement for better terms in any plant or which can constitute a formidable offensive and defensive alliance.

It is impossible strictly to contrast the benefits to employees of unionism and employee representation because of the rapidly changing factors in the industrial situation and the further condition that each company, to a certain degree, is a law unto itself. Upon a hypothetical basis, and by ruling all other circumstances out of account, the conclusion is easily arrived at that unionism confers more power upon the wage-earner than employee representation. Under real conditions, however, it may be found that the employer is antagonistic to labor-unions and that the employee in a labor-union meets much opposition and sustains costs of militant effort which may more than outweigh the gains which he is able to force by means of that effort. Wage-earners who work for employers willing to pay market rates of wages without coercion find that unionism has its costs, no less than its probable benefits. It must be pointed out that unionism has at times hindered employers in their application of improved methods, because the unions were concerned solely in advancing the imme-

diate partizan interests of their members and in protecting their members against this or that technical change which might render the supply of their labor less essential. In those instances not only the employers affected but all the purchasers of their products sustained an economic disadvantage. On the other hand, that employer who, because of predatory motives or helplessness under conditions of excessive competition, tries to undermine existing employment conditions, probably must be dealt with by militant union action. That action, to be effective, should be supported by employees in many competing establishments.

Reasons already exist which justify the forecast that both unionism and employee representation will borrow much from each other. Some labor-unions, hitherto concerned chiefly with general standards of employment—with terms of the labor contract as between shops—are participating, through shop committees, in the productive phase of the labor relationship. This development is probably in its infancy, and only a relatively few unions as yet have indorsed it in principle, much less adopted it in practice.[4] Employee representatives under works-council plans, who have found their negotiating ability greatly inferior to that of the employer, have expressed dissatisfaction to investigators in confidential interviews.

[4] Perhaps the outstanding example of union-management cooperation through shop committees exists on the Baltimore & Ohio Railroad. The experiment was begun in 1923.

The employer whose employees have that sentiment, and who wishes to retain the productive potentialities of employee representation, will probably recognize that they should have means of assuring themselves that the terms of employment negotiated in the works council are no less favorable than those effective elsewhere.

At the present time, from the standpoint of the public, no one form of labor relationship is generally desirable or generally suitable. From that standpoint, it is well that experiments in this field go on and that the people in each business organization evolve the labor relationship which seems to them to suit their own needs best. Because of the rapidly widening horizon of wage-earners, it is unlikely that an employer will be able to impose any form of industrial relationship upon them that is patently inimical to their interests. Since they have had experience with the power of unionism, that tool is at hand should any other relationship become unsatisfactory to them.

The public can observe with satisfaction that employee representation has permitted wage-earners to have a voice in the making and operating of working rules, and that it has thus introduced a degree of self-government into modern industry. The interchange of views in works councils has more fully acquainted officials in all ranks with the feelings and the opinions of employees. Thus employee representation has cleared away misconceptions which often were the

direct consequence of different backgrounds of experience and different habits of thought. A condition of mutual understanding, together with the opportunity afforded for explaining administrative orders, brought about in some organizations by employee representation, has enabled managerial staffs to run the plants in their charge with the approval of the employee. The former system, which offered the alternatives of implicit obedience or immediate discharge, has been supplanted in these establishments.

Employee representation has had a wholesome educational effect in large business organizations. The employees' ideas of the business in which they work have been made more complete, and in this way one of the principal disadvantages of large-scale production has been mitigated. Both employers and employees have seen that their respective interests are neither wholly mutual nor wholly opposed, and that understanding and tolerance on both sides are necessary to obtain greater satisfaction within such a complex relationship.

THE ORGANIZED CHURCH AND ORGANIZED LABOR

ARTHUR NASH

Arthur Nash is the founder and president of the A. Nash Clothing Company, of Cincinnati, Ohio, with a business that has grown from a hundred thousand dollars to twelve millions a year in less than a decade.

He is the son of an Indiana farmer, and was educated for the ministry of the Seventh Day Adventist Church. Forced out of the ministry because of his liberal beliefs and without a trade, he became a hod-carrier and laborer, and felt himself a religious outcast and atheist.

After years of struggle he finally established a small business in Columbus, Ohio, only to have everything swept away by a flood, leaving him in debt. He began over again in Cincinnati, but the World War called his two sons into service and took most of his own time and energy. Declaring that the war was final proof that Christianity had failed, he undertook to prove it from the New Testament, but instead convinced himself that Christianity had never been tried in society and industry.

After the Armistice he purchased a small sweat-shop and called his twenty-nine workers together and told them that so long as he kept the shop in operation the Golden Rule would be its governing law, and to prove its sincerity he raised their wages from fifty to three hundred per cent. The business that had been stagnant and operating at a loss suddenly began to grow and show large profits. Refusing outside investment, the capital stock of the company has grown from sixty thousand to three millions through stock dividends and the investment of the workers. Recently he took the initiative in a movement that finally resulted in unionizing the shops.

He also insists that industrial peace is the basis of world peace. "War," he says, "never did come off the decks of battle-ships or out of the mouths of cannon, but out of the hearts of men."

He declares that the real religious conflict of our time is between sectarian Churchianity and vital Christianity. He and his fellow-workers have pledged a quarter of a million dollars to help develop boys' clubs in Turkey as an expression of their faith in universal brotherhood.

THE ORGANIZED CHURCH AND ORGANIZED LABOR

ARTHUR NASH

There was a man who had two sons. He went to the first and said, "My son, go and work in the vineyard today." And he answered, "I will, sir," but he did not go. Then the man went to the second son, and told him the same thing. And he answered, "I will not!" But afterward he changed his mind and went. Which of the two did what his father wanted?

They said, "The second one."

Jesus said to them, "I tell you, the tax collectors and prostitutes are going into the Kingdom of Heaven ahead of you.[1]

"That, I tell you, is why the Kingdom of God will be taken away from you and given to a people that will produce its proper fruit."

This most scathing denunciation was delivered in the Temple to the leaders of the organized church.

Before going to the vital issues of our story, let us all definitely distinguish between the organized church of Judaism and real vital Judaism. Let us also distinguish between the organized church calling itself Christian, and real vital Christianity, because

[1] Matthew 21:28-31, American translation by Goodspeed.

there is no difference between the spirit of true Judaism and true Christianity, nor between the organized church of Judaism and the organized church of Christianity.

Because of the fact that certain "priests and elders" and bishops are undoubtedly ready to say that I am not a recognized authority in the church, and raise the question, "What authority have you for doing as you do, and who gave you this authority?" I will perhaps be pardoned for saying that when I left theological school it was the boast of my teachers that I could replace the New Testament from memory if it were blotted out, and in my search after the truth I have been an earnest student of religion and religious teachings. However, I would not be misunderstood by any one. I am a churchman, and it is with a burning desire to arouse my fellow-churchmen to produce the proper fruit of the kingdom of God that I am undertaking this task, and I believe all will agree with me that it was the same burning desire in the heart of the great Teacher of Galilee that caused him to give this most cutting illustration and denunciation to the churchmen of his time.

First of all, Jesus is not talking about a far-away future or mythical place when he uses the term "Kingdom of God." He is talking about a social order that has been intrusted to the keeping of the leaders of the church, and He says to them, "That, I tell you, is why the Kingdom of God will be taken away from you and given to a people that will pro-

duce its proper fruit." The King James version reads: "Therefore say I unto you, the kingdom of God shall be taken from you, and given to a nation bringing forth the fruits thereof."

This kingdom of God is already in our possession, and the question of our retaining it depends upon our bringing forth its proper fruit, and the real question before us to-day is: are we doing this job; and if we are not doing it, is the other son doing the job?

Let us look at this picture of the two sons for a moment. One of them, when asked to work in the vineyard and take care of the little vines, which are God's children, said, "I will, sir," but he did not. He proclaimed himself to be a dutiful and obedient son. He made the "profession of faith," but he did nothing. When the other son was told the same thing, he answered, "I will not," but he changed his mind and went about the job, and the conclusion is that he is the one that did what his father wanted.

When we undertake to make a comparison between what the organized church has done to bring about a right social order and justice upon this earth, and compare it with what organized labor has done and is doing, we are made to blush for shame.

Let us frankly lay aside all of our pietistical claims and look at the situation as it is. Has any one ever known, can we point to a single instance when the masses have been struggling for a mere pittance, when poverty and the diseases that go with it have been rampant, that the organized church has taken

up the work and made the fight for justice and righteousness in behalf of the poverty-stricken, toiling masses, or must we confess that in every instance this fight has been taken up by organized labor, and that the church, if it has had anything to say, has advised against doing anything that would interfere with industry or property, and especially against any semblance of violence? I am frank to say that I find myself in deep sympathy with our brothers in Russia, who have been forced to the conclusion that religion is an opiate that endeavors to keep people content under injustice. Is not that exactly what the church did do in Russia? Is not that what the church in a large measure is doing in every other country? Does it not make your blood run cold when you stop to think of the conditions in the clothing industry (the one that I happen to be engaged in) before organized labor undertook the struggle to free wage-slaves that were working in the sweatshops of our own country?

What did the church, the self-proclaimed dutiful son who said he would go work in the vineyard, do about it?

In our own city of Cincinnati, when the missionaries of organized labor came in 1919, and found the women workers, under the high costs of that year, working for an average wage of less than ten dollars a week, was the church doing anything about it? Did the church know anything about it? There can be only one answer; that is, that the church knew

nothing, did nothing, was not even concerned; but the labor missionaries, when they came in, began to say in effect to these poor people, "You may just as well starve trying to get justice as to starve toiling at your machine." When some of these feeble, non-resistant, church-doped poor souls pleaded for their children, they were told that their children might as well starve in the struggle for justice as to grow up without a chance in life.

The great strikes in 1919 were called, and as these toiling paupers came out on our streets and sidewalks to picket the places where they were laboring, they were a most pitiful sight. They were only half clothed, although it was in the dead of winter. They stood about mutely, little understanding what they were trying to do. The police came along and ordered them to move on, but the labor leaders told them to stand; then the police began to use force. Most of them were still mute and non-resistant, but the fire would occasionally rise in their blood and they would strike back. They were then loaded into the patrol and taken to the police station. Many of them were given terms in prison for violence, and bold head-lines blazed across our newspapers.

What did the church do in this time? I talked with many of the ministers, heard many sermons preached about peace, and most of them deplored the fact that industry was being interfered with and that violence had been on the streets of our city, but not one connected with the organized church did I hear

or know of raising his voice against the injustice that was back of this situation.

I am aware that there are those who are ready to rush to the defense of the organized church and say that there are and have been ministers that have raised their voices and that the Federal Council of Churches has undertaken to enter this situation. With all of this I am thoroughly familiar, but I know that the ministers who have raised their voices have not been the recognized leaders of the church, that they have usually been chastised by the church, some of them most severely, and that the Federal Council of Churches, instead of having whole-hearted co-operation in the things that it has undertaken, has been severely criticized and has received little co-operation in its work from the organized church.

In the period before the World War, during which I carefully studied the attitude of the church, I had been a laboring man and belonged to a labor-union under the old Knights of Labor. Immediately after the World War I bought a little clothing factory, a literal sweat-shop. I was so discouraged with the attitude of both the labor-unions and the church that I decided that regardless of either I would try to live by the law of God governing human relationships which we have come to know as the Golden Rule.

I spoke no word of condemnation either for the organized church or for organized labor. I carefully

studied the attitude of both. This led me first to the great wage raises, ranging from 50 to 300 per cent, the next day after I bought this little sweat-shop. I soon discovered that we were making real profits in the business, because of the hearty response and coöperation of the workers when I told them that we were going to make brotherhood and the kingdom of God a reality in our place, regardless of profits to the company, and backed it up by the tangible evidence of the great wage raises we immediately put in force.

When we discovered these profits and began to consider what we should do with them if we wanted to be righteous and just, we went to the idea of profit-sharing, which we discarded in about a year. Then the idea of coöwnership of the plant by the workers themselves was undertaken. This failed, largely perhaps because a great majority of our workers are women, and it is not their intention to spend their entire life in a clothing factory. They hope to use it only as a stepping-stone; hence a great many of them were not interested in owning the stock of the company.

We then put into effect real democratic control, where all question of vital importance were voted on in large mass-meetings of all of the workers. These meetings were dubbed by certain great teachers as "town meetings."

Our business continued to grow until it had passed

from the status of the smallest made-to-measure industry in the country to that of the largest in the world.

When we found ourselves with thousands of workers instead of the original twenty-nine that were in the little shop when we bought it, we began to realize that many weak places existed in our efforts to do justice to all men, and as we began to cast about for some one who was willing to undertake the job of literally and actively looking after the interests of the working people, again I ask, as I blush with shame, did we find it in the organized church? We did not. We found many who were ready to advise with us, most of them saying that we could not deal with organized labor because it was class-conscious and very often pagan, and did not pretend to work in the father's vineyard.

After carefully and prayerfully studying this question from every angle, we decided that no one could take over the interests of the laboring group and look after each individual efficiently and see that his interests were safeguarded, as the interests of every one must be if we are "to bring forth proper fruit for the kingdom of God." We repeat, no one could do this job unless he was class-conscious, because in undertaking it he had to deal with and contend with all of the obstacles that a class-conscious, avaricious, organized capitalistic group could bring to bear upon them.

When this became clear to us, there was nothing

for us to do, if we were honest, except to turn over the interests of the workers to organized labor, which, in spite of the fact that it makes no profession of working in God's vineyard, does go out and take care of the little vines and bring forth fruit for the kingdom.

The church has missed its calling. It is not feeding the lambs or clothing the naked. It is not "loosening the bands of wickedness and letting the oppressed go free," as it should.

I would call attention to the fact that Jesus did not say that the picture He drew of the two sons was ideal in every respect. There is no question that the ideal thing would have been for both sons to say to the father, "We will go and work in the vineyard, and we will bring forth the proper fruits of the kingdom," and then go and work at the job. Nevertheless, the one that refused to proclaim himself to be a dutiful son and yet finally did the job is justified ahead of the one that loudly proclaimed himself an obedient son, made a great profession of obeying the father, and yet did nothing. May I repeat that the first son gave the correct answer in words, but the second son gave the correct answer in deeds, and the deeds are better than the words, but what the great Father would have is that both sons should say, "I will, sir," and then go and do the job. What must be the opinion of the man who said he would not go, when he sees the son who said he would go not being loyal and true to his promise?

Any one desiring the answer to this question has only to get the response of organized labor when it is appealed to in behalf of the church, and I humbly and with shame confess as a churchman that the church is to blame because it did not keep its word to the great Father.

The question may now arise, what would I have the church to do? I can only answer in one way, and that is that seeing this situation as it is, I could only find one conscientious answer, and that was to say to organized labor: "We will turn over all of the problems of our workers to you. You have studied this situation. You have been the son that has worked in this vineyard, and we will be obedient to your commands."

I wish that my voice might ring out around the world when I say to my brother churchmen that our great opportunity is now here, and if we—I mean by this every church publishing house and church institution—will turn to this other son and say that we have a job to be done for the toiling masses, and you are the students of their problems, and we are willing to be obedient to your commands in dealing with our workers; then we can set about the job of getting across to them the great spiritual side of the work of the kingdom. In other words we come into harmony with this other son, and then we bring the message of the right answer to the Father in both words and actions. We will then restore the lost

confidence of the other son, who will cease to regard us as hypocrites who promise but do nothing.

I am fully aware of all of the usual arguments that organized labor not only raises wages but lowers production, that it will not coöperate with capital, and that it resorts to violence and so on. We are being asked on every hand, "How is it working in your plant?" I want to say with deep humility that so far as I know this is the first time that a large industrial corporation has whole-heartedly turned over all of the problems of its workers to organized labor and entered enthusiastically into a coöperative movement for the good, not only of our own workers, but of the toiling masses everywhere; and in answer to the above arguments I want to ask how any organization that must fight to get a foothold in an industry and then continually fight to keep that foothold can be expected whole-heartedly to coöperate with the owners of the industry? It is too absurd even to think about, much less argue about. Again when it is analyzed the blame seems to me to lie clearly at the door of the organized church.

I am frank to confess that when our industry had grown until there were thousands of workers we had individually lost track of them. It was not possible for us to know them all personally and attend to our other duties, and for a long time we had hoped that everything was all right, but somehow sensed the fact that we were drifting, that we were a ship without a

rudder. We knew there were matters that needed adjusting in our business. The labor organization has found them, but we are astounded to know that they found as few as they did. They are entering whole-heartedly into their job and are doing it thoroughly and fearlessly, and although much of it is not pleasant to them. Many of our workers are still studying and analyzing every angle of what is going on, but they are coming to see that the world is larger than our own industry, however large it may be, and that we have now cast our lot with the group—the son that has gone about the job of working in the father's vineyard—and our call to the church is the call that the Master gave so often, "Go work to-day in my vineyard."

This is a real concrete job of bringing forth the fruits of the kingdom of God which has been committed to us, and if we fail, the "kingdom of God will be taken away from us and given to a people that will produce its proper fruit."

WHAT FACTS SHOULD THE CHURCH KNOW ABOUT INDUSTRY?

EARL DEAN HOWARD
of
HART, SCHAFFNER AND MARX

Mr. Howard has been labor manager for Hart, Schaffner and Marx since 1911 and has participated in the working out of the labor agreement and plan of industrial relations which is now used not only in Hart, Schaffner and Marx but in most of the clothing markets in the country. He is also on the faculty of Northwestern University, giving courses in industrial relations.

During the year 1918 Mr. Howard served as executive secretary on the commission of industrial relations of the United States Chamber of Commerce in Washington. In this capacity he represented the chamber in its coöperation with the agencies in this field.

Mr. Howard's interest in the relationship between the churches and industrial relations comes about through his membership on the social-service commission of the Federal Council of Churches.

WHAT FACTS SHOULD THE CHURCH KNOW ABOUT INDUSTRY?

EARL DEAN HOWARD

The question, What facts should the church know about industry? presupposes an answer to another question very controversial and searching: Is Christianity a religion of social amelioration?

Some years ago when interested in the affairs of the Federal Council of Churches, I devised a test or rating scale by which one might classify religious people on this point. Here it is:

RATING SCALE FOR CHRISTIANS

How far and in what manner should the church attempt to influence men in their economic relations?

Different points of view from extreme conservative to extreme radicalism; choose the position which you would be willing to defend with the greatest conviction:

(a) The church should limit itself to the personal relation of the individual to God and not concern itself with social relations or ethics.

(b) The church is responsible for the consciences of its members. If the conscience of the individual functions efficiently, his conduct will be socially desirable, so that the church need have no direct responsibility therefor.

(c) The church has further responsibility beyond stimu-

lating the conscience to guide the conduct of man. Conscience must be enlightened and educated so that men will recognize and perform *social* duties. The church should develop the *social* conscience in the individual but should not attempt to formulate moral judgments in specific cases.

(d) The church should provide moral leadership in society, on the ground that it is the duty of the church to strive to make righteousness prevail in all the relations of life. Righteousness under modern economic conditions is a matter of right *collective* thought and action; the individual conscience even though completely dominant and enlightened is inadequate to guide conduct. There is needed a collective social conscience to determine what social righteousness is and how it shall be attained.

(e) The church should insist upon the complete application of Christian principles throughout all social and economic arrangements, and strive to create a kingdom of heaven in which spiritual interests shall be paramount, and the will of God prevail over every individual interest. The social and economic system should be changed so as to secure the maximum of opportunity for spiritual development, and material prosperity as incidental and subordinate. The church should formulate moral judgments on specific matters, such as the eight-hour day, collective bargaining, etc.

(f) The church should oppose the capitalistic system, with its private property in the productive resources and its wage system, as contrary to the principles enunciated by Christ. Pacifism should replace war, conflict, and competition. Self-will should abdicate as a governor of human conduct in favor of the will of God as interpreted by the collective state. The government of men should be a pure democracy and should govern all of the relations of men.

Doubtless a large part, perhaps a majority, of active church-members would incline to the fundamentalist position that all scientific study were vain and futile. To know the Bible and to follow its more or less plain instructions as to conduct is quite sufficient. Of course, in business and political affairs, which in practice, if not theoretically, are held to be something quite apart from religion, knowledge of industrial facts may be valuable, although people of this type are habitually distrustful of experts and scientists.

At the furthest extreme from the fundamentalist stands the person who thinks religions consist in right conduct and right relationships among men. Such a one is ceaselessly busy in every reform and betterment movement; he is eager to realize the kingdom of heaven upon earth. He feels a godlike responsibility for the state of the world and blames himself for the persistence of evil. His favorite hymn is "Onward, Christian Soldiers." His church is an institution for social service, and he believes that business and politics should be Christianized with the aid of science. His pulpit would be a forum for political and economic discussion.

Between these two extreme positions we find a large class of educated people perplexed by the necessity of maintaining a double standard of conduct, one standard for business relationships and a quite different and conflicting one for other relations. Each one feels vaguely that he has no right to call himself a Christian unless he applies the clear and unmistak-

able Christian principles to all his thoughts and actions in all relations of life. To say to such a man, who is a hater of hypocrisy and an earnest striver for personal integrity, that the Christian principles are not applicable in modern industrialism, is equivalent to declaring Christianity meaningless and sending him in search of a more practical religion.

Just so far as people demand of their moral and religious leaders a doctrine which shall be a lamp unto their feet, those leaders must either be prepared to deliver the goods or lose their leadership to others who will give better satisfaction. Wherever the people are content to regard religion as a matter of insurance against possible risks or fire hazards in a world to come or as a matter of emotional release from the hard facts of life, the church may ignore the social sciences.

Assuming, then, a community of people genuinely desirous of leading Christian lives, even in their business affairs, and a minister with a feeling of responsibility for his leadership and a belief in the practicability of religion, what knowledge is necessary to him that he may function intelligently and successfully?

Industry is the name we apply to that vast organization of men and things by which men sustain their physical lives and create a material environment and condition most favorable to a good life so far as their intelligence conceives and is able to realize it. Through his instincts, appetites, fears, and ambitions man is driven by the life-force to participate in the

industrial life of his community; if he should choose to ignore such participation, even to live a completely spiritual life, he would be a suicide so far as physical existence is concerned. Just so far then as the individual elects to participate in industrial life, he must know the rules of the game, the conditions and regulations which determine success or failure.

Unfortunately the rules for success in the industrial game are often quite inconsistent, even contradictory, with those spiritual laws which the church teaches as essential to a religious life. Worse still, as civilization brings more and more industrialism, the individual becomes more and more helpless and dependent upon the system and less free to choose his own line of conduct.

Business is the term by which we designate the mode by which industry is carried on. Russia is trying another, the political mode, of governing industry. The essential elements of the business mode is the free organization of industry by private enterprise, the toleration and encouragement of competition even to the point of destructive warfare, and reliance upon the law of survival of the fittest to secure efficiency. Government exerts its utmost power to protect property rights and enforce contracts, and beyond that, in theory at least, leaves industry to be regulated by economic law.

The central fact of life is organization. The same principles seem to apply both to biologic and to economic organization. In each we see the life-force

operating to develop even larger and more complicated structures, at once more efficient and more vulnerable. In industry, this life-force manifests itself as the acquisitive instinct of the persons involved in the business organization. This acquisitive instinct is the law of self-preservation and aggrandizement adapted to the business mode of industry.

If we agree that the central idea of Christianity is unselfishness and altruism, the very opposite of acquisitiveness, we can appreciate the fundamental conflict between business and religion. It is impossible to reconcile the economic and the spiritual interests, neither can we give up one for the other; the only alternative is compromise.

There are many methods of compromise. The simplest is probably the Rockefeller method of a complete separation of interests, a dual life. Outside of business activities, Christian principles govern, especially in relation to church affairs. Inside the business office, however, the churchman Jekyll becomes the captain of industry and master financier Hyde. The game of business is played with the same cold unscrupulousness, the same ruthless disregard of the interests of the other players and the same single-minded devotion to success that characterizes the professional poker-player. A simple method but not easy for most people, since nature does not produce many Dr. Jekylls and Mr. Hydes, dual personalities are rare, and the instinct of integrity, of consistency in character is quite general.

Since it is almost impossible to abandon business altogether, another method is to abandon spiritual interests and frankly adopt the materialist philosophy without cant or hypocricy, as Jay Gould did. This saves integrity, and we cannot utterly despise a man or a beast whose actions are consistent with his principles. How shall we estimate the number of people who value their integrity so highly that they will throw over religion entirely in order to keep it? Perhaps there are more devil's advocates, like Shaw's hero in *The Devil's Disciple*, than we know of.

The last alternative left is the difficult one of reconciling the irreconcilable, of mixing together oil and water, of Christianizing business. Is it possible to play good poker in the spirit of generosity? Or can the rules of the game be changed so that the inconsistency can be overcome?

If it is the purpose of the church and its ministers to make righteousness prevail in business as in all other relationships, obviously it must first be quite clear in its own mind as to how this desirable condition can be brought about. In the absence of divine revelations *à la* Moses and Joseph Smith, it must fall back on scientific research and discover right methods by searching out and applying the laws of cause and effect.

In the first place come the laws of human nature. All human actions and all human relationships produced thereby flow almost automatically from attitudes of mind, particularly from desires and beliefs

as to the relative importance of things. Business men act as they do, and thus bring about the conditions as they exist, because they believe, in their wisdom or ignorance, that such behavior will promote their good. If the church would influence behavior and conditions, it must change or alter the beliefs of men as to their own good. Granted that the church already knows what is good for men, clearly its function is to educate the minds of men, not by propaganda, authority, or undue influence, but by scientific demonstration.

In the second place come the laws of business, the necessary connection between cause and effect in business affairs. Perhaps we have been too hasty in assuming the incompatibility between business and Christianity. There may be something in acquisitiveness, as in the pursuit of happiness, which tends to defeat itself. Nobody can read Henry Ford's *My Life and Work* or Edward A. Filene's *The Way Out* without wondering how far we dare go in hoping for a code of business principles compatible with decent human relations yet sound business.

Of tremendous importance is this fact: business is a *means* and not an *end*. This signifies that business derives its importance only from the contribution it makes to the end it serves. Wherever we find that its contribution is much less than has been assumed, or wherever we find that the end itself is less worthy than had been thought, there is a chance to look for good reasons to justify more Christian conduct. The

poor and ambitious young man may properly attach great importance to business success as an element in a successful career, but if he does not revalue his objectives as he grows older and richer he is likely to discover that in his later years his activities have been guided, not by any real interest, but simply by beliefs which have lost most of their validity with changing circumstances. Perhaps the greatest opportunity of the church lies in revealing to habit-blinded business men that a revaluation of their interests is long overdue and that such a revaluation may lead to behavior more Christian and less acquisitive.

Instead of being rigid and inexorable, the laws of business may be found to be very flexible, varying with circumstances. For example, the formidable power of the Amalgamated Clothing Workers of America in the men's clothing industry have revolutionized the rules for success in that business. Where it was once profitable and good business practice to cut wages and piece-rates, to lengthen working hours, to discourage complaints, and, in general, to operate on the standard set by the greediest contractor, it is so no longer; indeed, such a policy would be ruinous. The Jewish gentlemen who still manage this industry are quite as acquisitive as ever they were, and the more "Christian" character of their behavior is entirely due to a change in the rules of the game. It would, however, be quite unsafe to assume from this one example that unionization will always lead to more personal righteousness in business practices.

One of the great dangers of the church is the half-truth which is more false than error itself.

At least three suggestions have been offered here as to what kind of facts are useful to the person interested in Christianizing business: (1) knowledge of the laws of human nature, (2) knowledge of the laws and facts of business, and (3) possibilities of the revaluation of interests. If any impression has been made upon the mind of such a person, the question naturally arises: how shall I acquire these useful facts?

The source of knowledge is experience, either our own or that of somebody else. Before contact with facts and ideas can produce knowledge, they must be filtered through the mind.

Thus both experience and a mind capable of extracting essential wisdom from experience are necessary. Experience wrongly interpreted leads to erroneous principles and standards of judgment.

It is the business of the social sciences to aid in forming correct judgments from facts. The commonest cause of bad judgment in these matters is wrong mental habits, prejudice, enthusiasm, sympathy, and whatever else interferes with clear scientific perception of the relation between cause and effect in social matters.

WHAT THE CHURCH EXPECTS OF THE BUSINESS MAN

JEROME DAVIS

Jerome Davis was born in Japan of American parents. His father, after having a share in freeing the slaves as a colonel in the Civil War, helped to found the largest Christian university in Japan, Doshisha. His mother, Frances Hooper Davis, traced her ancestry back through a governor of Massachusetts to a signer of the Declaration of Independence.

In spite of the handicap of a foreign schooling, Jerome Davis finished his college course in three years at Oberlin. For a short time he worked with the Minneapolis Civic and Commerce Association and then began his training for the ministry. During the summer he toured Labrador and Newfoundland with Sir Wilfred Grenfell in the hospital ship *Strathcona*.

For three years during the war, Mr. Davis was in Russia, first in charge of 150,000 prisoners in Turkestan, and later in charge of the Y.M.C.A. war work. At the end of the world conflict he returned to America, speaking widely against Russian intervention.

On concluding his course at Union Theological Seminary he was awarded the Gilder Fellowship at Columbia University and thus had the opportunity to secure his Ph. D. In 1921 he again visited Russia on an emergency relief mission, returning in the autumn to take up his duties at Dartmouth as assistant professor of sociology. In 1923 he made an investigation into the human side of mining conditions in West Virginia for a report which was presented to the Federal Coal Commission. In 1924 he was appointed head of the Social Service Department at Yale University. In 1926 he accepted the task of making an investigation into the social and economic conditions in Russia.

Mr. Davis is the author of *The Russians and Ruthenians in America*, *The Russian Immigrant*, *In Introduction to Sociology*, as well as editor of the *Social Relations Series* published by D. C. Heath & Company and contributing editor of *Social Forces*.

WHAT THE CHURCH EXPECTS OF THE BUSINESS MAN [1]

JEROME DAVIS

The recent coal strike in England, according to the Conservative Premier Baldwin, "threatened the basis of ordered government and came nearer to proclaiming civil war than we have been for centuries past"; and in fact it was a class conflict unparalleled in the annals of history. Should we not be warned of the terrible impasse to which we may come unless scientific knowledge and technical equipment are placed at the service of all, with special unearned profit to none? Nor is England the only example. The average American is becoming painfully aware of serious flaws in our own industrial mechanism. Something is wrong with the lubricator. Whenever we attempt a gear-shift, the engine stalls. In the transfer from a war to a peace basis, strike succeeds strike, and class warfare, even a Herrin massacre, occurs. Almost every basic industry suffers—coal, railroads, and—but yesterday—steel. A scientific and impartial analysis seems to indicate a structural defect. Some would have us believe that the iron man of in-

[1] The writer makes no pretense of representing or interpreting the mind of the church as a whole; he speaks merely as a single individual within the church—a fact which should be remembered throughout this study.

dustry, our own creation, threatens to become our master. The church cannot stand still in all these crises, nor can we drift comfortably and complacently in a direction which will inevitably lead to disaster; we must reconstruct the foundations of our structure before the hurricane is upon us. How far can the church safely go, and what has she a right to expect of business men in a normal period before the storm?

It is first necessary to make absolutely clear what the church does *not* expect of Christian business men. It does not assume the autocratic task of dictating just how a particular business shall be conducted nor insist that industry shall be run according to an interpretation of the Golden Rule necessarily spelling financial failure. The church does not attempt to set itself up as an infallible authority on all the ethical problems of commerce and finance; it does not claim itself technically competent to censure all the acts and policies of an individual firm. Much less does it demand that all the profits of business shall be turned into the treasury of the church. It is seeking something very much higher, more difficult, and more fundamental than any of these things.

The church expects business men who are professing Christians to make a sincere attempt to square their daily-conduct pattern with the ethical teachings of Jesus and with the spirit of His life. It is platitudinous to say that no man can be sure that he is practising what he knows nothing about; yet many

modern Americans could not give a single precept laid down in the Epistle of James, much less state clearly the fundamental social principles of Jesus. One function of the church is to teach us some of these facts; another, to interpret just what is involved in praying, "Thy kingdom come," and what it means really to want God's will done on earth as it is in heaven. It is the task of the church to help the business man to see that this necessitates running the business first of all for the good of the consumer, second for that of the producer, third for that of the investor, and last of all for the good of himself. In the long run there is not so much difference between these separate interests as as first might be imagined. Sincere men may differ regarding the priority of the claims of the different parties to industry, but devoted Christians can hardly deny that discipleship means the subordination of self. Indeed, it takes a relatively slight acquaintance with the life of Jesus to realize that He did not say, "Seek ye first the kingdom of profits," but, "Seek ye first the kingdom of God." How far the modern business world has departed from this concept, each reader can judge for himself. Again, Jesus taught his followers definitely that they must serve the group. "He that would be greatest among you shall be the servant of all." These were no abstract theories; they were the stuff of which life itself was to be built. Jesus Himself lived this principle by sharing with His followers every material thing He had, and even on one occa-

sion taking upon Himself the task of washing His followers' feet.

One of our greatest difficulties is that we are quite ready to acknowledge the glittering general principle but quite unwilling to practise it, however vociferous our profession. Theodore Roosevelt discovered this when he tried to enforce certain laws and made the significant comment: "A right is valueless unless reduced from the abstract to the concrete. This sounds like a truism. So far from being such, the effort practically to apply it was almost revolutionary, and gave rise to the bitterest denunciation of us by all the big lawyers, and all the big newspaper editors, who, whether sincerely or for hire, gave expression to the views of the privileged classes."

Now, running a business for the benefit of the consumer means not only that he shall be satisfied with what he receives but that no more profit is exacted from him than is necessary to make the service the best possible in the long run. In other words, service to the consumer demands not only good quality but the lowering of prices to the furthest point possible consistent with providing what is wanted. To state the matter in another way, reward should be proportional to service rendered; although the ambiguity of this statement is apparent, since it is relatively easy to persuade one's self of the social value of any task. Every one should be able to realize, however, that no service is being rendered in the case of com-

modities which are socially questionable—a standard which at once precludes most of the profits in land and stock speculation, as well as injurious or shoddy goods.

Service to the worker means nothing less than according him precisely the treatment one would give to one's own wife or children, provided they were in a similar condition and had to accept similar employment. As Mr. Rowntree, the English manufacturer, once said, "As a follower of Jesus, I cannot go to sleep in comfort at night until I know that conditions in my plant are such that I should be glad to see any one of my children take any position as a laborer in the plant." How many of us can truthfully say we are doing this? Now the church needs to call the attention of men to this ideal in no uncertain terms. Sometimes only a stinging rebuke is the most effective method of making men think; at other times more can be accomplished by a discussional fellowship; but no mere platitudinous generalities will solve the situation. President Rowntree translates this principle into the following "minimum conditions which any satisfactory scheme of industry must provide":

(1) Earnings sufficient to maintain a reasonable standard of comfort.
(2) Reasonable hours of work (probably eight).
(3) Reasonable economic security during the whole working life and in old age.

(4) A reasonable share, with the employer, in determining the conditions of work.
(5) An interest in the prosperity of the industry in which he is engaged.

To these might perhaps be added:

(6) An equal chance for promotion.
(7) Participation in the control of the business.

At the present time employees do not have these rights in a large number of industrial concerns. In fact, they are often prevented from securing a reasonable share in the financial returns. Not so long ago, a shoe company introduced a new kind of machinery which subjected the worker to a much greater degree of physical and mental strain. In the next two years the profits were so enormous that they equaled the total capitalized stock of the company, yet not a single cent found its way into the pay-envelope of the worker. No doubt the president of the corporation thought himself a Christian, but he needed a vigorous reminder from the church of what the Christ way involved in his business. It is sometimes thought strange that labor and capital, partners in a common enterprise, do not act as such. The reason is that they really can hardly be said to be partners in any true sense. Partnership involves, among other things, a knowledge of the business, including its financial secrets, a share in the profits, and a voice in the management. Labor feels it is not being

treated as a partner and consequently does not always act as one.

Above all else, the Christian employer should stand like a rock for the supremacy of human values over property values. It is reported that Jesus once gave a practical application of this principle by freeing a single human personality from demoniac possession and transferring the devils into a herd of valuable swine, so that they were all lost. The business men of that day—strangely akin to some in our own time—were much more impressed with the lost property than with the saved life and besought the Master to leave the district. At another time Jesus asked the question: "How much then is a man of more value than a sheep?" There have been times when this simple teaching of the Master has been forgotten, and it is the duty of the minister to keep reminding us of it. President Roosevelt used to cite many instances of this failure, which to-day are sufficiently ancient so that they will not arouse the emotional prejudices and rationalizations which any one of a hundred more recent examples might precipitate. In the coal strike of 1902 he was forced to take action because "the big coal operators," although "they knew that the suffering among the miners was great" . . . "were prepared to sacrifice everything and see civil war in the country rather than back down and acquiesce in the appointment of a representative of labor." [2] He says that the coal operators were

[2] *Theodore Roosevelt, An Autobiography*, pp. 465-468.

blind regarding "the rights of the worker to a living wage, to reasonable hours of labor, to decent working and living conditions, to freedom of thought and speech and industrial representation—in short, to a measure of industrial democracy." There are many business interests to-day similarly deaf and dumb to the implications of the religion they have formally accepted, and it is the task of the church to awaken them, not in the abstract, but in the concrete.

Not only does the church expect the average business man to apply his Christianity in the concrete details of the working day, but it expects him to welcome and not block honest investigations into the truth about the industrial conditions in his own plant. This would not mean that he must let every Tom, Dick, and Harry make independent investigations of his factory, but it should mean that he would welcome an occasional labor audit. The necessity for some such device should be apparent to every thinking Christian.

As long ago as the Civil War, Lincoln declared "Labor is superior to capital and deserves much the higher consideration." Doubtless the modern world is slowly beginning to comprehend that "humanics" plays as great a part as mechanics in business, but how do we know what the principle involves? Labor may condemn certain captains of industry or their lieutenants, the managers of corporate enterprise, for violating the standards. The business men deny the charges. Let us grant at once the great difficulty in-

volved in ascertaining the actual truth, but is it impossible?

In the early days of corporation finance there were similar complaints brought by stockholders against business executives. In the absence of the facts, financial disaster was frequent. Finally, as a check on management, an annual financial audit was inaugurated. This was found to be so successful in preventing fraud that it has been continued down to the present time. Why is it not possible to inaugurate an annual human audit of industry? Would this not help to safeguard all the parties to industry—labor, management, capital, and the public? It surely must be possible to draw up some human standards which will meet with quite general acceptance. Whether or not each individual employer would agree with the principles does not greatly matter, for the human audit would merely ascertain scientifically the actual conditions in the concern investigated as compared with the standard. If an executive later desired to attempt to justify himself with the public, it would be his privilege. Such general standards were drawn up and adopted by the War Labor Board during the war. Since then they have been urged on the country by a host of economic and political leaders, from W. Jett Lauck and Senator Kenyon to President Wilson's Industrial Conference. It seems probable that such a code would attempt to cover wages, hours, security against accident, unemployment and old age, profit-sharing and labor representation.

These principles would, of course, be further subdivided in the actual audit. Thus the first item would include, among others, housing, clothing, food, and recreation. The results would not merely be a check on the management, but also on labor. It might demonstrate that their income was adequate provided it was wisely consumed. In other words, it might have a wholesome effect in educating the workers both in their wants and in their expenditures, which is another outstanding need of our time.

Most fair-minded executives declare their sincere desire to meet the above requirements to-day; in fact, they usually feel that their employees are already being adequately cared for. This feeling, however, may be the result of mere opinion, bias, or the report of subordinates. The actual facts are usually unknown. In the absence of an impartial report, the employer, the worker, and the public may all be deceived. Sooner or later, as a result of grievances real or fancied, the public is suddenly startled to hear that a strike has been called. We have already seen that ever since the beginnings of the corporate era the financial audit has been a genuine safeguard to stockholders and the public. Why cannot the human audit of industry play as important a role in allaying the suspicions, the fears, and the difficulties of capital and labor?

At present we have chartered public accountants who make financial audits. Why not have chartered public economists and sociologists who would make

the human audit? To-day the costs of an audit are borne by the company investigated. This would hold true equally for the annual human audit which determines the actual facts regarding wages, hours, security, profit-sharing, and status of the workers. Such a report would naturally be submitted first to the company concerned. Later it would presumably be published. If an individual employer refused to pay for an audit, labor itself might conceivably step in and have it done. The public would sooner or later come to expect this just as it now does the financial audit. The social effect would be almost incalculable. How does the public now regard a concern that is known never to have an audit? What would it think of one that refused to permit a human audit? In the case of interstate corporations, the government might well make such an audit compulsory. It is quite conceivable that this would do more than all the welfare schemes yet devised to usher in peace and coöperation between capital and labor.

The plan would seem to be building on our past experience and to be eminently practicable. At any rate, state governments are already enforcing an audit or inspection for many things. One of the most common examples is the investigation of safety appliances in factories. If it can be done for one item, is it not reasonable to suppose that it can be done for all?

Whether or not the Christian employer agrees with the principle of the labor audit, the spirit of Chris-

tianity would seem to leave him scant room for vigorous objections to a competent commission from the churches making some such investigation. When once the employer has permitted its establishment, he is hardly on safe ethical or spiritual ground in blocking it because it does not entirely concur with his own beliefs. Yet this is precisely what some corporations do to-day.

The very least that any employer can do is to point out mistakes in an honest study of his plant, and the very least that he can refrain from doing is to hurl dangerous and questionable epithets at the investigator. After all, his greatest opportunity to express Christianity lies in the concrete tasks of business life, for there he touches the greatest number of human lives. He should welcome sincere investigations, no matter how far they may disagree with his own ideas.

From a democratic as well as a Christian point of view, it seems obvious that every minister should have the right to express his honest and considered opinions about concrete evidences of selfishness, greed, injustice, and inhumanity in the business world as he sees them, without having it affect his tenure or promotion. Woodrow Wilson and Theodore Roosevelt tell us of constant accusations of socialism or of deficiencies in good judgment hurled at them. Time has proved to the world that the first charge was totally false, and by and large their good judgment was sufficient to rank both among the relatively few great Presidents of the United States. If these

terms were applied to our greatest national executives, is it any wonder that they are cast at the minister who attempts to use his prophetic office to denounce injustice? Is it too much to ask that business men use some degree of intelligence in the labels which they apply to men who are sincerely fighting for what they believe to be right?

The Federal Council of Churches and many religious denominations have gone on record as recognizing that labor organization is fundamentally right and in accord with the principle of democracy and Christianity itself. This is not to say that individual laboring men or individual unions may not do things that are fundamentally wrong, just as individual business men, or even individual ministers and churches on rare occasions, have sometimes. Christianity asks that business men always distinguish between conduct which is wrong and organization which is right. In opposing unjust conduct on the part of laboring men, they must not make the fundamental mistake of opposing union organization.

Chief Justice Taft of the United States Supreme Court said in a recent decision:

> Labor-unions . . . were organized out of the necessities of the situation. A single employee was helpless in dealing with an employer. He was dependent ordinarily on his daily wage for the maintenance of himself and his family. If the employer refused to pay him the wages that he thought fair, he was nevertheless unable to leave the employ and to resist arbitrary and unfair treatment. Union

was essential to give laborers opportunity to deal on equality with their employer.

The recent United States Coal Commission found that it was the union which had been the potent force in improving the conditions of the miners.

Roosevelt, in his autobiography, gives it as the growing conviction of a lifetime that the trade-union is "one of the greatest possible agencies" in the attainment of true political democracy in the United States:

> It is growing constantly in wisdom as well as in power, and is becoming one of the most efficient agencies towards the solution of our industrial problems, the elimination of poverty and of industrial disease and accidents, the lessening of unemployment, the achievement of industrial democracy and the attainment of a larger measure of social and industrial justice. If I were a factory employee, a workman on the railroads or a wage-earner of any sort, I would undoubtedly join the union of my trade.[4]

The minister has a part to play in aiding the spread of this beneficent organization. If the local leadership in the trade-union is bad, then the minister has an opportunity to try to make it better; if its practice is wrong, then he can help to eliminate the injustice. But in doing either of these things he must always see to it that the results of his activity do not weaken the organization, but rather that in actual fact he strengthens it wherever and whenever he can. No

[4] *Theodore Roosevelt, An Autobiography,* pp. 480-481.

one would ever think of taking steps to disorganize and destroy the public schools if the local principal were bad or the teachers poor; instead, the loyal citizen would recognize his duty to improve and strengthen the educational organization of the community. Christian ethics places upon the Christian business man the obligation to use similar loyalty and intelligence toward an organization vitally concerned with human rights, the labor-union.

Not only does the church expect the business man to encourage unionism of the finest type; it expects him to think his way through to an industrial and social standard and to have a sensitive conscience in the matter of its violation. At least three hundred trade associations have formulated business codes of ethics.[5] A considerable number even go so far as to mention the Golden Rule. While no one knows how far these standards are observed, the mere fact of their adoption is significant. Besides codes for particular industries, some of our churches have adopted more comprehensive social creeds. The Congregational Church is the most recent denomination to formulate such a code, which is probably the most progressive and comprehensive social statement that has ever been adopted by a modern religious denom-

[5] Rotary International, *Codes of Standards of Correct Practice,* Chicago, 1925; J. G. Frederick, *Book of Business Standards,* revised edition, Commercial Standards Council, 1925; E. L. Heermance, *Codes of Ethics, A Handbook,* Free Press Printing Co., Burlington, Vt., 1924; *Annals of Amer. Acad. of Political and Social Science,* May 1922, "The Ethics of the Professions and of Business."

ination. It is significant that it was drawn up by the Social Service Commission of the denomination under the chairmanship of a nationally known business leader, Mr. John Calder, and with the full approval of another prominent business executive of Boston, Mr. Henry P. Kendall. The document is printed in full at the close of this chapter and deserves to be studied carefully by every business man in order to determine how far his own practice conforms with the standards there set forth. Is it too much to expect that the propertied men of America should unite conscience and responsibility with their ownership?

Finally, Christ would transform every business man into an *experimental pioneer in creative good will.* As Washington Gladden once so fittingly expressed it:

> The man who can gather men about him in some productive industry and can thus enable them by their own labor to earn a decent livelihood, and can fill all his relations with them with the spirit of Christ, making it plain to them that he is studying to befriend them and help them in every possible way, is doing quite as much, I think, to realize God's purpose with respect to property and to bring heaven to earth, as if he were founding an asylum or endowing a tract society.

But no man can really do this without experimenting in new and better methods of industrial relations. Contentedly to stand still is to be selfish and

unchristian. Roosevelt saw this very clearly when he said:

> I have always maintained that our worst revolutionaries to-day are those reactionaries who do not see and will not admit that there is any need for change. . . . If these reactionaries had lived at an earlier time in our history, they would have advocated Sedition Laws, opposed free speech and free assembly, and voted against free schools, free access by settlers to the public lands, mechanics' lien laws . . . and they are the men to-day who oppose minimum wage laws, insurance of workmen against the ills of industrial life and the reform of our legislators and our courts, which can alone render such measures possible.

That there are large numbers of business men who are doing experimental pioneering for the public good, no one who has thoughtfully read through this present volume can for a single moment doubt. The church pleads for an ever larger and larger number. As these words are being written, a president of a substantial and growing manufacturing concern in the Middle West has come on to discuss the problem of how he can really translate the Jesus way of life into the pattern of his corporate business enterprise. An afternoon of consideration revolved about such questions as: How much profit am I entitled to make? Where do the claims of the consumer come in? Am I entitled to wait until I am doing an annual business of two million dollars before sharing

profits equally with the workers? Should I install unemployment insurance and give it a priority claim over dividends on preferred stock? At what point should I permit workers who purchase stock to take over the business?

These are absorbing questions. The church does not pretend to answer them all, but it does maintain that the Christian employer must ask and answer them sincerely and unselfishly. We need more coöperative experiments between capital and the labor-union, of which the one on the Baltimore & Ohio Railroad is one example, that in the garment trades another. There should be hundreds of others. The writer has purposely not stressed the notable achievements in good will now being carried on by such leaders; in the preceding chapters they have spoken for themselves.

Should not all business executives take the attitude toward experimental pioneering which is expressed by A. J. Todd, the manager of the industrial relations of B. Kuppenheimer & Company.

> I believe that industrial management does not satisfy its full ethical responsibility unless and until it gives intelligent support to labor's attempt to educate itself through the coöperative movement, through its ventures in banking, and throught its experiments in adult education.

The church does not claim infallibility in proclaiming the Christian way; as a human agency it

may make mistakes, just as business men themselves are prone to do. It believes that it is better to err on the side of being too prophetic than on that of not being prophetic enough. It insists and will keep reiterating that men must not take the name of Christ unless they are willing to pay the price of Christ. They must not proclaim a Christianity which they are unwilling to practise. On the contrary, they must take time to discover how other sincere business men have begun to Christianize industry; they must be open-minded to what is experimental pioneering in creative good will; and above all they must really seek to place human rights above property rights.

A Statement of Social Ideals

Adopted by the National Council of the Congregational Churches, 1925

We believe in making the social and spiritual ideals of Jesus our test for community as well as for individual life; in strengthening and deepening the inner personal relationship of the individual with God, and recognizing his obligation and duty to society. This is crystallized in the two commandments of Jesus: "*Love thy God and love thy neighbor.*" We believe this pattern ideal for a Christian social order involves the recognition of the sacredness of life, the supreme worth of each single personality, and our common membership in one another—the brotherhood of all. In short, it means creative activity in coöperation with our fellow human beings, and with God, in the every-day

life of society and in the development of a new and better world social order. Translating this ideal

I. Into Education means:

(1) The building of a social order in which every child has the best opportunity for development.
(2) Adequate and equal educational opportunity for all, with the possibility of extended training for those competent.
(3) A thorough and scientific program of religious and secular education designed to Christianize everyday life and conduct.
(4) Conservation of health, including careful instruction in sex hygiene and home building, abundant and wholesome recreation facilities, and education for leisure, including a nation-wide system of adult education.
(5) Insistence on constitutional rights and duties, including freedom of speech, of the press, and of peaceable assemblage.
(6) Constructive education and Christian care of dependents, defectives, and delinquents, in order to restore them to normal life whenever possible, with kindly segregation for those who are hopelessly feeble-minded. (This means that such institutions as the jails, prisons, and orphan asylums should be so conducted as to be genuine centers for education and health.)
(7) A scientifically planned program of international education promoting peace and good will and exposing the evils of war, intoxicants, illiteracy, and other social sins.

II. Into Industry and Economic Relationships means:

(1) A reciprocity of service—that group interests, whether of labor or capital, must always be integrated with the welfare of society as a whole, and that society in its turn must insure justice to each group.

(2) A frank abandonment of all efforts to secure something for nothing, and recognition that all ownership is a social trust involving Christian administration for the good of all and that the unlimited exercise of the right of private ownership is socially undesirable.[6]

(3) Abolishing child labor and establishing standards for the employment of minors which will insure maximum physical, intellectual, and moral development.

(4) Freedom from employment one day in seven, the eight-hour day as the present maximum for all industrial workers.

(5) Providing safe and sanitary industrial conditions especially protecting women; adequate accident, sickness, and unemployment insurance, together with suitable provision for old age.

(6) An effective national system of public employment bureaus to make possible the proper distribution of the labor forces of America.

(7) That the first charge upon industry should be a

[6] As proposed to the church for adoption, this read: "A frank abandonment of all efforts to secure income, or any reward, which does not come from a real service, and recognition that all ownership is a social trust involving Christian administration for the good of all and that the unlimited exercise of the right of private ownership is socially undesirable."

minimum comfort wage and that all labor should give an honest day's work for an honest day's pay.

(8) Adequate provision for impartial investigation and publicity, conciliation and arbitration in industrial disputes.

(9) The right of labor to organize with representatives of its own choosing and, where able, to share in the management.

(10) Encouragement of the organization of consumers' coöperatives for the more equitable distribution of the essentials of life.

(11) The supremacy of the service, rather than the profit motive in the acquisition and use of property on the part of both labor and capital, and the most equitable division of the product of industry that can be devised.

III. Into Agriculture means:

(1) That the farmer shall have access to the land he works, on such terms as will insure him personal freedom and economic encouragement, while society is amply protected by efficient production and conservation of fertility.

(2) That the cost of market distribution from farmer to consumer shall be cut to the lowest possible terms, both farmers and consumers sharing in these economies.

(3) That there shall be every encouragement to the organization of farmers for economic ends, particularly for coöperative sales and purchases.

(4) That an efficient system of both vocational and

general education of youths and adults living on farms shall be available.

(5) That special efforts shall be made to insure the farmer adequate social institutions, including the church, the school, the library, means of recreation, good local government, and particularly the best possible farm home.

(6) That there shall be a widespread development of organized rural communities, thoroughly democratic, completely coöperative, and possessed with the spirit of the common welfare.

(7) That there shall be the fullest measure of friendly reciprocal coöperation between the rural and city workers.

IV. *Into Racial Relations means:*

(1) The practice of the American principle of the same protection and rights for all races who share our common life.

(2) The elimination of racial discrimination, and substitution of full brotherly treatment for all races in America.

(3) The fullest coöperation between the churches of various races, even though of different denominations.

(4) Educational and social equipment for the special needs of immigrants, with government information bureaus.

V. Into International Relations means:

(1) The removal of every unjust barrier of trade, color, creed, and race, and the practice of equal justice for all nations.

(2) The administration of the property and privileges within each country so that they will be of the greatest benefit not only to that nation but to all the world.

(3) Discouragement of all propaganda tending to mislead peoples in their international relations or to create prejudice.

(4) The replacement of selfish imperialism by such disinterested treatment of backward nations as to contribute the maximum to the welfare of each nation and of all the world.

(5) The abolition of military armaments by all nations except for an internal police force.

(6) That the church of Christ as an institution should not be used as an instrument or an agency in the support of war.

(7) A permanent association of the nations for world peace and good will, the outlawry of war, and the settling of all differences between nations by conference, arbitration, or by an international court.

We believe it is the duty of every church to investigate local moral and economic conditions as well as to know world needs. We believe that it is only as our churches themselves follow the example and spirit of Jesus in the fullest sense—translating these social ideals into the daily life of the church and the community—that we can ever hope to build the Kingdom of God on earth.

These affirmations we make as Christians and loyal citizens of our beloved country. We present them as an expression of our faith and patriotism. We urged upon all our citizens the support of our cherished institutions, faith-

fulness at the ballot, respect for law, and loyal support of its administrators. We believe that our country can and will make a great contribution to the realization of Christian ideals throughout the world.

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